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Walter F. Mondale acknowledges the cheers of home-state supporters in St. Paul, Minnesota. His wife, Joan, is at left.

## Mondale Defeats Hart in Illinois Primary

### Jackson Takes 3d In First Test of Industrial States

By Howell Raines  
New York Times Service

CHICAGO — Walter F. Mondale defeated Senator Gary Hart in the Democratic presidential primary in Illinois, achieving a victory he needed to put new life into his candidacy.

The Rev. Jesse L. Jackson ran a strong third in a contest that marked the start of the nomination battle in the big industrial states. Mr. Jackson, the only black candidate in the contest, rode a wave of black support in his home state.

Although Mr. Jackson got black votes that probably would otherwise have gone to Mr. Mondale, the former vice president made up for that by running much more strongly than Mr. Hart among white voters in Chicago and by getting up to 40 percent of the vote in Hart strongholds in rural and suburban areas.

With 98 percent of the state's precincts reporting, the vote totals were: Mr. Mondale, 657,056, or 41 percent; Mr. Hart, 573,683, or 35 percent; Mr. Jackson, 336,364, or 21 percent; George S. McGovern, 24,656, or 2 percent; and Senator John Glenn, 19,371, or 1 percent. Mr. McGovern and Mr. Glenn had withdrawn from the race but remained on the ballot.

Mr. Mondale, however, took 97 of the 171 delegates at stake in Illinois, while Mr. Hart took 39 and Mayor Harold S. Washington of Chicago, running as a favorite son, won 35. Voting for delegates was separate from the presidential preference vote, and Hart delegates were eligible in only about one-third of these races.

There were also party caucuses Tuesday in Minnesota. Mr. Mondale's home state. With 150 of 246 sample precincts counted, the Democratic-Farmer-Labor Party reported 62 percent of the vote for Mr. Mondale, 7 percent for Mr. Hart, 3 percent for Mr. Jackson and 28 percent uncommitted. The final allocation of delegates is not expected to be known for weeks.

With the Illinois delegates, Mr. Mondale had a total of 639 delegates, nearly a third of the 1,967 needed for the presidential nomination, while Mr. Hart had 357 and Mr. Jackson 79, with 268 uncommitted.

Both Hart and Mondale strategists expected the Illinois popular vote to be more important than Tuesday's delegate gains in determining which candidate would be perceived as the popular favorite going into the New York primary April 3 and the Pennsylvania primary April 10. These contests are now regarded as potentially decisive events in the contest for the nomination.

Tuesday's victory was a strong indication that Mr. Mondale has

### 'New Ideas' Met With Skepticism, Survey Shows

By Barry Sussman  
Washington Post Service

WASHINGTON — Among the key factors in Walter F. Mondale's decisive victory in the Illinois presidential primary were skepticism about Senator Gary Hart's "new ideas," according to a survey of voters.

In all probability, Mr. Mondale's successes last weekend in Michigan, Arkansas and other states also

helped draw Illinois voters to him.

In the last days of the campaign, the shift of voters resembled a statewide tidal wave.

Washington Post-ABC News pre-election tracking surveys showed a dramatic rise for Mr. Mondale on Sunday and Monday following contests Saturday in the Midwest and South. From trailing Mr. Hart by about five percentage points last week among likely voters, Mr. Mondale pulled almost even on Sunday and took a nine-percentage-point lead on Monday, the surveys showed.

With 98 percent of the precincts reporting in Illinois on Wednesday, Mr. Mondale was leading with 41 percent of the vote, Mr. Hart was second with 35 percent and the

Rev. Jesse L. Jackson third with 21 percent.

According to an ABC News survey of voters leaving polling places, 20 percent of the voters made up their minds in the day or two preceding the Tuesday election, and Mr. Mondale beat Mr. Hart among these voters by about 2-to-1.

Many seem to have been persuaded by the former vice president's attack on the substance of Mr. Hart's positions. Half the voters interviewed by ABC said they believed the Coloradoan indeed had "clear, new ideas." But the other half said they believed "it's difficult to know where Mr. Hart stands on the issues."

Mr. Hart had been expected to strongly outpoll Mr. Mondale in rural southern Illinois and in Chicago's Cook County suburbs. But Mr. Mondale lost by a fairly narrow margin downstate and won in Cook County. And he beat Mr. Hart solidly in Chicago despite what appears to have been an enormous outpouring of black votes for Mr. Jackson.

According to the ABC exit poll, Mr. Jackson took 70 percent of the votes of blacks statewide. Illinois is Mr. Jackson's home and the base of his activist organization, People United to Serve Humanity.

The core of Mr. Mondale's support continued to be older Democratic voters. According to the ABC survey, almost half the people aged 60 and older voted for Mr. Mondale.

## Thatcher's Threat on Payment May Cause EC Political Crisis

### Mitterrand Still Seeks Agreement

By Axel Krause  
International Herald Tribune

PARIS — Prime Minister Margaret Thatcher of Britain would plunge the European Community into a political crisis with broad, disquieting consequences for the Western alliance if she followed through on threats in withdrawal of Britain's payments to the EC budget this year, senior diplomatic officials said Wednesday.

On Tuesday evening, after the Brussels summit of the EC ended in disarray, Mrs. Thatcher said she was considering such a move. But in a speech Wednesday to the House of Commons, she refused to outline her immediate intentions.

Her warning Tuesday followed a decision announced by President François Mitterrand of France, which holds the rotating presidency of the community, to continue blocking payment of Britain's refund on its contribution to the 1983 budget. The refund is to amount to 750 million European Currency Units (\$638 million).

The exchange of statements followed a two-day meeting in Brussels that failed to resolve key EC budgetary issues. Mrs. Thatcher refused to accept an offer aimed at cutting Britain's net EC contribution of 2 billion ECUs by about half.

In an interview Wednesday evening on French television, Mr. Mitterrand said that Britain "cannot be in and outside the Common Market at the same time." He said he would continue talking to other governments in an effort to reach agreement on Britain's refund before the next EC summit, which is to be held in France in June.

But he emphasized that Britain must agree to submit itself "to the rules of the Common Market."

The French leader made his comments before departing for the United States on a weeklong official visit.

If Mrs. Thatcher suspended some of Britain's payments, it would intensify the EC's financial crisis. Britain is expected to make a net contribution of about 2 billion ECUs to the already strained EC budget of 25.3 billion ECUs this year.

Officials of the EC Commission said a British withholding of payments would be considered illegal and the Commission would "most certainly" challenge the decision in the European Court of Justice in Luxembourg.

Legal and diplomatic sources said Wednesday that Britain would probably lose the case, since withholding the payments would violate the Treaty of Rome, under which the EC was established.

Former Prime Minister Edward Heath of Britain also said that withholding payments would be unconstitutional and illegal. Reuters reported Wednesday from London, Mr. Heath, a Conservative, added in a radio interview that "I don't think her cabinet would support it."

And David Owen, leader of the Social Democratic Party, said that withholding payments might "leave Britain the most isolated nation in the Western alliance," Reuters reported.

"If Britain loses, as is expected, we would then be on a very tricky slope, since at that point, either she knuckles under or she opts out" of EC participation, a senior U.S. diplomat said.

"And since she does not usually knuckle under, pulling back from the Common Market would have

(Continued on Page 2, Col. 3)



Prime Minister Margaret Thatcher at a Brussels news conference after the European Community summit meeting. The British foreign secretary, Sir Geoffrey Howe, is at left.

## EC Leaders Blame Britain for Failure Of Summit; Thatcher Rejects Criticism

Reuters

LONDON — Most European leaders have blamed British inflexibility for the failure of the European Community summit meeting, but Prime Minister Margaret Thatcher dismissed the criticism as absurd.

Leaders at the Brussels summit had sought ways to keep the 10-nation bloc solvent, and they did succeed in reaching a partial agreement on agricultural prices. But they were blocked from any further agreement by Britain's unwavering demand for a long-term system of rebates on its EC payments.

Italian, Greek, West German and Belgian leaders expressed anger over Britain's stand. But President François Mitterrand of France, who as current EC president has campaigned hard for compromise, said he would continue to urge a solution.

"The British government bears the entire responsibility for this failure," Prime Minister Bettino Craxi told Italian radio.

Prime Minister Andreas Papandreu of Greece was equally blunt.

"The rest of the community partners would accept with relief Britain's withdrawal from the EC," he told the Greek news agency.

Mrs. Thatcher shrugged off the criticism as "absurd," telling a radio interviewer, "We have been reasonable."

She has demanded that Britain pay a much smaller share of the EC budget and receive a \$1-billion rebate next year.

Mrs. Thatcher said she was not prepared to go to Parliament to ask for more money for the EC budget until she could show that Britain's share of the burden had been made more equitable. Britain and West Germany are the only net contributors to the EC budget.

Foreign Minister Hans-Dietrich Genscher of West Germany expressed deep disappointment over the summit's outcome but warned against isolating Britain over its budgetary demands.

"It should not go unnoticed in

the United Kingdom that nine countries with widely differing interests were willing to reach agreement," Mr. Genscher said in Bonn. But he added that Britain's relationship with the bloc was a "two-way street."

Mr. Mitterrand, who has worked hard in an effort to rescue the European Community from financial crisis, refused to join the other leaders in their recriminations.

"Everyone is conscious of the gravity of the situation," he said. "We will get there; I only hope it will not take too long."

Mr. Mitterrand said EC ministers should agree to a system of majority voting, instead of the current requirement of unanimous agreement, to push through needed economic reforms.

That proposal was backed by Rainer Barzel, who is president of the West German Bundestag and a member of the Christian Democratic Party of Chancellor Helmut Kohl.

## Soviet Oil Tanker Hits Rebel Mine in Nicaragua

Compiled by Our Staff From Dispatches

MANAGUA — A mine placed by U.S.-backed rebels has damaged a Soviet tanker delivering oil, Nicaraguan officials announced. On Wednesday, the Soviet Union presented its "resolute protest" to the government of the U.S.A. "in connection with the incident."

The Nicaraguan government also issued a communiqué accusing "mercenaries in the service of the U.S. government... for the criminal action."

Two rebel groups receiving aid from the United States announced recently that they had mined several Nicaraguan ports.

Officials of Nicaragua's Sandinist government said at least five Soviet merchant sailors on the tanker Druker were wounded in the explosion at Puerto Sandino, on the Pacific coast about 30 miles (48 kilometers) from Managua. The Soviet news agency Tass identified the freighter as the Lugansk.

The explosion occurred Tuesday afternoon at the entrance to the port, Nicaraguan officials said. Although part of the tanker caught fire, officials said the vessel reached land and unloaded the oil.

The crewmen were hospitalized, and Nicaraguan officials said Wednesday that they had been "gravely" injured.

In Moscow, Foreign Minister Andrei A. Gromyko presented a protest to the U.S. Embassy regarding the incident.

A U.S. State Department spokesman, Alan D. Romberg, confirmed that the Soviet protest had been received, but he rejected the complaint, noting that the presence of the mines had been well-advertised by anti-Sandinist forces.

"It was clear that the Soviet tanker struck one of these mines," Mr. Romberg said. "We have received the Soviet protest charging U.S. responsibility and we regret that charge. We regret, of course, any injuries to mariners or shipping, but it was well-known from

previous incidents that there were dangers in the area.

"To a great extent, the regional dangers and tensions result from Soviet encouragement of conflict in Central America and the Caribbean, and, therefore, the Soviets are hardly in a position to blame others for injuries and violence there."

Tass reported Mr. Gromyko's protest, which said, "The Soviet government holds the U.S. government responsible for that grave crime, an act of banditry and piracy."

"The government of the U.S.S.R. states its resolute protest to the government of the U.S.A. in connection with the criminal action against the Soviet ship Lugansk and warns that the United States will bear the entire responsibility for the consequences with which the continuation of actions of this kind is fraught."

On Tuesday night, the Nicaraguan Foreign Ministry issued a strongly worded communiqué that said the incident, along with similar damage to Dutch and Panamanian ships three weeks ago, "were part of the de facto blockade that the North American government promotes as part of its undeclared war" against Nicaragua.

"We appeal to the international community to provide Nicaragua with the technical and military means necessary to defend ourselves from the United States' terrorism," the ministry said.

In Tegucigalpa, Honduras, the political leader of the Nicaraguan Democratic Force acknowledged that his group had placed mines at the port. The United States provides aid and training to the group.

Adolfo Calero Portocarrero, the rebel leader, said: "The Sandinists haven't said a single word about the deaths caused by the mines they

have treacherously placed in the fatherland. Now that the Soviets are affected by our mines, they cry to heaven. They are the only ones responsible for the damage."

On Jan. 8, the Nicaraguan Democratic Force announced that it had mined the Pacific ports of Puerto Sandino and Corinto. Another rebel group, the Revolutionary Democratic Alliance, said later it had mined Corinto and the Caribbean port of El Bluff, near the city of Bluefields. Both groups warned the Lloyd's insurance exchange in London and commercial shipping companies against dealing with the Nicaraguan government.

On March 1, a Dutch vessel was damaged by a mine at Corinto, and a week earlier, two Panamanian fishing boats were damaged in El Bluff, Nicaraguan officials said.

(W.P. AP, UPI)

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### TOMORROW

■ Camille Chaudel, a forgotten sculptor, has emerged in France as a feminist heroine. Joseph Fichetti reports. In Weekend.

## Some Reagan Aides See Meese's Chances Slipping

By David Hoffman and Mary Thornton  
Washington Post Service

WASHINGTON — Senior White House officials have become increasingly pessimistic about Ed Meese's 35 chances of winning Senate confirmation as attorney general and believe that a long investigation into his finances could doom his nomination, informed sources said.

White House officials who last week thought Mr. Meese would be confirmed "now realize the depth of the problem," one source said Tuesday. Aides had intended to re-arrange White House office assignments when Mr. Meese left as presidential counselor, but that plan has been delayed indefinitely.

The uncertainty was reinforced Tuesday by apparent disagreement between the Senate Judiciary Committee, which is holding the confirmation hearings on Mr. Meese, and the Justice Department, which is

conducting an investigation under the Ethics in Government Act of 1978, over the scope of the inquiry.

The committee chairman, Strom Thurmond, a South Carolina Republican, said he understood that the inquiry would cover all Mr. Meese's financial dealings. But some Justice Department officials, who asked not to be identified, said it would focus only on Mr. Meese's failure to disclose an interest-free loan of \$15,000 to his wife from a man who later got two federal jobs.

Democrats said Tuesday that they would make a campaign issue out of ethical practices in the administration of President Ronald Reagan.

"President Reagan never hesitates to publicly blast so-called welfare cheats and food stamp cheats," said Representative Tony Coelho of California, chairman of the Democratic Congressional Campaign Committee. "But this same president, who has deliberately

placed religion and morality on the

front burner of this election campaign, obviously has a moral blind spot when it comes to his closest aides and country club cronies."

The White House spokesman, Larry M. Speakes, said he would give anyone who said there had been an "inordinate number" of ethical lapses by administration appointees. "I don't think anybody can make a blanket charge; many of them have explanations."

Mr. Speakes reaffirmed Mr. Reagan's support for the Meese nomination and said Mr. Meese is still attending regular White House meetings with the president.

In interviews that appeared Wednesday in some Middle Western newspapers, President Reagan said he had "complete confidence" in Mr. Meese. United Press International reported from St. Louis, Mr. Reagan offered to resign, he said, "I wouldn't listen."

Administration officials who asked not to be identified said Mr. Meese has told associates that he

hoped the Justice Department would complete a preliminary inquiry in about two weeks and would conclude that no special prosecutor was needed.

If that occurs, the White House is considering a vigorous lobbying effort to win speedy confirmation. However, other White House officials have concluded that a recommendation to appoint a special prosecutor is the most likely outcome. They reason that anything less would result in assertions of a cover-up in an election year.

The officials said they thought that if a special prosecutor were named, it would result in a long investigation that could doom the Meese nomination. They said a drawn-out inquiry could raise the question of Mr. Meese's potential effectiveness as attorney general.

But Justice Department and White House officials said they have no idea how long the first-stage investigation may take. The

law says only that it must be completed in 90 days. Should the Justice Department then seek a special prosecutor, there would be no time limit on the next stage.

On Tuesday, Mr. Meese released amended financial disclosure forms showing that he neglected to report for calendar years 1981 and 1982 his holdings in the White House Federal Credit Union, which at times were in the \$15,000-to-\$50,000 range. Mr. Meese reported that he earned interest of less than \$1,000 in both years.

And on Capitol Hill, Democrats and Republicans said it would be a mistake to try to limit the scope of the Justice Department investigation.

Senator Howard M. Metzenbaum, an Ohio Democrat on the Judiciary Committee, said the investigation should include Mr. Meese's role, if any, in obtaining federal jobs for six persons who assisted him financially.

## Reagan Decides to Scrap Missile Sale To Jordan After Criticism by Hussein

Compiled by Our Staff From Dispatches

WASHINGTON — President Ronald Reagan, reacting to congressional opposition and criticism of U.S. policies by King Hussein of Jordan, has decided to cancel a planned sale of anti-aircraft missiles to Jordan and Saudi Arabia, a spokesman said Wednesday.

The White House spokesman, Larry M. Speakes, said Mr. Reagan made the decision Tuesday night at the recommendation of his key foreign policy advisers, including Secretary of State George P. Shultz, the national security adviser, Robert C. McFarlane, and congressional leaders.

Mr. Speakes said Jordan and Saudi Arabia — Arab states that have figured prominently in Mr. Reagan's plans to secure an overall

Middle East peace — have been informed of the decision through diplomatic channels.

Formal notification of the withdrawal was expected to be sent to Congress on Wednesday.

Mr. Speakes said that Mr. Reagan made the decision "in consultation with Congress," and he noted "there was increasing opposition" to the sale on Capitol Hill, where pro-Israel lawmakers and lobbyists argued against the weapons deal.

Responding to questions, Mr. Speakes said that Hussein's assertion that the United States is "one-sided" in favor of Israel in its Middle East policies "were not helpful."

The offer to Jordan called for the sale of 1,613 shoulder-fired Stinger

missiles with a price tag of \$133 million. Saudi Arabia was offered 1,200 missiles.

Mr. Reagan had initially sought to win agreement from Israel's supporters in Washington to kill pending legislation that would recognize Jerusalem as Israel's capital and move the U.S. Embassy there from Tel Aviv.

But the Washington Post reported that the principal pro-Israel lobbying group, the American Israel Public Affairs Committee, rejected Mr. Reagan's proffered deal.

The organization has privately signaled its willingness not to oppose actively a related plan for U.S. assistance in creating a mobile Jordanian force for the Gulf, the newspaper said.

Mr. Reagan's decision, which he is understood to have made after considerable persuasion by Mr. Shultz and Republican congressional leaders, was hinted at by Mr. Shultz at a press conference Tuesday.

Administration officials said Mr. Shultz had wanted to maintain bargaining leverage with Congress to help the administration's position on the Jerusalem legislation, the Jordanian force and Mr. Reagan's top priority request for emergency military aid to El Salvador.

Mr. Shultz also made clear that current U.S. policy initiatives in the region are likely to be shelved until after the November presidential election.

Hussein said in an interview with The New York Times on March 14 that U.S. policy in the Middle East was unprincipled and that the United States had lost any credibility in the Arab world because of its unquestioning support of Israel.

At a press conference Tuesday, Mr. Shultz indicated Hussein's interview had scuttled the missiles deal.

"There's no question about the fact that King Hussein's statements constitute a very serious setback to the chances of congressional approval," he said. (UPI, WP)



## Lebanese Christians Say They'd Hold New Talks, But Insist on an Enclave

Compiled by Our Staff From Dispatches

BEIRUT — Lebanon's Christian militias are prepared to hold direct talks with Moslem forces in the country, a spokesman said Wednesday. But he said the Christians would insist on setting up a separate enclave, a proposal that has been rejected by the Moslems.

Meanwhile, a cease-fire endorsed by nine Lebanese Moslem and Christian leaders on Tuesday, the last day of factional talks in Lausanne, Switzerland, appeared to have had little effect.

Several skirmishes were reported in Beirut, and there was fear that the fighting would worsen because of the failure of the talks.

One source at the conference said that intensified conflict was all but inevitable. He was alluding to the failure of the participants in the talks, called the national reconciliation conference, to achieve their stated goal of restructuring the Lebanese government.

Asked for his reaction to the talks, the Druze Moslem leader, Walid Jumblatt, said just before leaving Lausanne: "Get your sandbags ready."

In Beirut, a spokesman for the Lebanese Forces, a grouping of Christian militias, also said the talks in Lausanne had been a failure, and called for a full meeting of Lebanese leaders, in Lebanon and free of outside interference. He appeared to be alluding to Syria,

which with Saudi Arabia was an observer at the talks in Switzerland. The spokesman, Naum Farah, also said, however, that a conference in Lebanon could not take place until a lasting cease-fire took hold.

Speaking in the Lebanese Forces headquarters near the Green Line dividing Beirut into Christian and Moslem sectors, Mr. Farah said:

"We are totally ready to enter direct contacts with the Progressive Socialist Party and Amal to reach a Lebanese consensus to achieve a durable formula in Lebanon." The Progressive Socialist Party is the Druze grouping. Amal is the Moslem militia.

Mr. Farah warned that "these direct contacts must be held without the tutelage of Syria or any other foreign power." He blamed the Syrian vice president, Abdel Halim Khaddam, an observer at the talks in Lausanne, for their failure.

He said the Christian militias were prepared to go along with renewed calls for a cease-fire, but warned that his forces would reply to any violations by the other side.

"We want the cease-fire to be enforced and consolidated," Mr. Farah said. "We consider that in order to have further negotiations the cease-fire should be seriously applied by all factions. It is a prerequisite for negotiations."

Mr. Farah said the Lebanese Forces would not abandon plans to set up a Christian enclave inside Beirut. Such an area, he said, would come with the consensus from all sides to the fighting.

"We still state very strongly that the only pragmatic and realistic approach is to have a federal formula to allow every religious community in Lebanon to live in peace," he said. "We will not declare any federal state on our own in our area. We feel that it should come out of a consensus of Lebanese thought."

The concept of a separate Christian enclave has been rejected both by Mr. Jumblatt and by the Shiite leader, Nabih Berri.

Also Wednesday, after the Lausanne talks broke up, President Amlo Gemayel went to Paris, where he met with President François Mitterrand and Claude Cheysson, the French external relations minister. Mr. Berri also visited Paris, and met with Mr. Cheysson.

Mr. Berri said after the meeting that France would soon withdraw its troops from Lebanon. No further details were provided.

Before he left Lausanne, Mr. Berri blamed the failure of the talks on Mr. Gemayel and accused him of wanting to preserve the Christian minority's dominance in Lebanon's political structure.

The Voice of the Mountain, the Druze radio station, blamed the cease-fire violations on the Lebanese Army and the Christian militias. The radio said the clashes coincided "with their obstruction of radical political, social and military reforms which could have been achieved at Lausanne."

Despite the Moslems' military successes in Lebanon, the Christian delegates in Lausanne refused to abandon their community's traditional prerogative of filling the presidency. (UPI, Reuters, WP)



President Amin Gemayel of Lebanon leaving the Lebanese conference in Lausanne, Switzerland, for Paris, where he met on Wednesday with President François Mitterrand.

## Thatcher's Threat to EC May Stir Political Crisis

(Continued from Page 1)

consequences which none of us consider very reassuring."

British officials said Wednesday in London that Mrs. Thatcher was not expected to make a decision on withholding payments until after a cabinet meeting Thursday. Mrs. Thatcher and other British officials have said that she would withhold some payments to the community if the refund was not paid by the end of March.

The British leader said in the House of Commons that it was "almost intolerable" that Britain should make further payments "in light of what has happened."

But Mrs. Thatcher added, "It is in the best interests of this country to continue to belong to the community."

French and Italian officials said the move to block the 1983 refund reflected a decision by participants at the EC summit in Stuttgart last June to grant the refund but to withhold payment until key budgetary issues had been resolved. But these officials said, British eventually would obtain its 1983 refund.

Max Gallo, a French government spokesman, reaffirmed on Wednesday France's intention to call meetings of EC members to implement community business by majority rule. These meetings, he indicated, might take place without Britain. Unanimous agreement is now required at EC summit meetings.

There can be no question of giving in to demands that jeopardize the spirit of the European Community itself, and on this point there is a consensus of 9

countries out of 10," Mr. Gallo said.

Mr. Mitterrand was very guarded in his statements Tuesday evening, emphasizing that his immediate goal was not to drive Britain out of the European Community.

The French president, who has staked much of his personal prestige on solving the community's financial crisis, has drawn praise from officials of the EC member governments and Western diplomats for his handling of the Brussels meeting.

Another key test of Britain's intentions, diplomats said, will come during a meeting of EC foreign ministers in Brussels on Monday and Tuesday.

The meeting will take up the farm reform measures adopted Tuesday by EC leaders. These include proposals adopted by farm ministers to limit the community's milk production, to gradually eliminate Monetary Compensatory Units, and to limit farm spending, which is the biggest part of the budget and is growing faster than any other budget component. Monetary Compensatory Units are used to protect farmers in some countries against currency fluctuations.

The meeting also could take up the strenuous objections to the milk proposals raised by Ireland. During Tuesday afternoon's meeting in Brussels, Prime Minister Garret FitzGerald walked out in protest and said Ireland would veto any agreement that did not satisfy his demands.

EC ministerial meetings, unlike summit meetings, can operate on the basis of majority rule.

## Iraqis Are Improving Air Strike Efficiency, U.S. Officials Report

By Fred Hiatt

Washington Post Service

WASHINGTON — For the first time, the Iraqi Air Force is conducting effective air strikes against Iranian forces concentrated along the border and inside Iraqi territory, according to U.S. officials.

The air strikes, in which pilots are making low approaches to their targets, may have delayed a long-awaited Iranian offensive, the officials said.

But Iran continues to shuttle heavy equipment onto Iraq's Majnoon Islands along a pontoon bridge constructed through more than 10 miles (16 kilometers) of marshes.

U.S. officials believe that Iran may be assembling a large armored force on the northernmost island in preparation for a two-pronged assault against the Iraqi city of Basra, which could isolate the oil region

from Baghdad, the capital. At the same time, the officials said, the Iranian force on the island appears to be vulnerable to air strikes that could cut it off from the main Iranian force.

Iraq's inability to capitalize on its air superiority has puzzled Western observers of the Gulf war. Iraq has claimed successful bombing raids on Iranian targets and ships in the Gulf, but U.S. officials said there has been little evidence to back up the claims.

The officials said Iraqi pilots have stayed so far away or flown so high over targets that accurate bombing is impossible. In the past several weeks, for instance, as Iran built its pontoon bridge across the marshes, Iraq made no attempt to interfere from the air, although there was some unsuccessful artillery shelling. Iran also was assembling a fleet of U.S.-built hydrofoils in the swamps and ferrying a sizable number of tanks to the island.

For much of that time, Iran had no air defense around the bridge. It now has established U.S.-made Hawk anti-aircraft missiles at two sites.

In the past few days, Iraqi planes conducted air strikes at low altitudes that seem to have had some success, the officials said. Iranian prisoners of war reportedly have said that the strikes have slowed a planned Iranian offensive, but the bridge has not been damaged.

## U.S. Carrier, Russian Sub In Collision

The Associated Press

WASHINGTON — The U.S. aircraft carrier Kitty Hawk and a nuclear-powered Soviet submarine collided in darkness in the Sea of Japan on Wednesday, the Pentagon announced.

There was no apparent damage to either ship nor any U.S. casualties in the collision, which took place about 150 miles off the South Korean coast.

Pentagon officials blamed the submarine, saying it was traveling without navigation lights and that the huge carrier "shuddered" when struck. A navy official said, "We think the submarine hit the Kitty Hawk apparently as the sub was coming up through the sea."

The White House spokesman, Larry M. Speakes, said President Ronald Reagan had been briefed on the collision. The incident occurred while the Kitty Hawk was taking part in Team Spirit '84, a U.S.-South Korean maneuver, the Pentagon said.

At last report, the submarine was reported heading north in the general direction of the naval base at Vladivostok in the Soviet Union.

Sources said the sub was traveling at a slow 5 knots and was accompanied by cruiser.

"The Kitty Hawk initially reports no apparent damage or personnel injuries," a naval official said.

Other officials said a helicopter sent out from the Kitty Hawk reported seeing no serious damage to the submarine. A U.S. warship was sent to offer help, but this offer was rejected, officials said.

The Kitty Hawk, which was described as traveling at 15 knots at the time of the collision, was continuing operations, an official said.

The most recent similar collision occurred in November in the Arabian Sea between the U.S. destroyer Fife and the Soviet missile frigate Razyskhiy. It was described as minor.

## Scientists Criticize Reagan's Plan for Missile Umbrella

The Associated Press

WASHINGTON — A scientific group said Wednesday that it would be impossible to implement President Ronald Reagan's goal of a high-technology umbrella against Soviet nuclear attack.

They recommended that the Reagan administration drop the idea and instead pursue new arms control agreements that might limit the nuclear threat, according to the report by the Union of Concerned Scientists.

"We should abandon this illusion" that a workable ballistic missile defense can be developed, said Kurt Gottfried, a Cornell physicist and one of the report's authors.

In March 1982, Mr. Reagan called for scientific study into a defensive shield that could change the nuclear focus from offense to defense and "give us the means of rendering these nuclear weapons obsolete." The Pentagon is seeking \$3 billion for the next fiscal year for ballistic missile defense research and the program would cost at least \$26 billion through 1989.

Rumsfeld Due in Cairo Today

United Press International

CAIRO — Donald H. Rumsfeld, President Ronald Reagan's special envoy in the Middle East, will arrive in Cairo on Thursday for a 24-hour visit that will include a meeting with President Hosni Mubarak, a U.S. Embassy spokesman said Wednesday.

## WORLD BRIEFS

### Craxi Asks Senate for Confidence Vote

ROME (Reuters) — The Italian government asked for a vote of confidence Wednesday in the Senate in a bid to approve major wage and price legislation before a mass protest march in Rome on Saturday.

Oscar Mammì, minister for parliamentary relations, introduced the request in the upper house. The bill converts into law a government decree limiting cost-of-living indexes against inflation for 20 million workers. The government hopes to reduce inflation to 10 percent this year from 15 percent last year.

The vote, expected Thursday or Friday, is almost certain to give the government of Prime Minister Bettino Craxi a clear majority, parliamentary sources said. Mr. Mammì said he was asking for the vote, which would automatically stop the opposition from filing amendments, because of the bill's importance.

### Shamir Ally Rejects Delay of Elections

JERUSALEM (Reuters) — A request by Prime Minister Yitzhak Shamir to delay elections until fall was rejected Wednesday by a key coalition partner, which said it wanted the elections to be held in May.

The Tami Party, which holds the social affairs portfolio and appeals mainly to poor Oriental Jews, rejected Mr. Shamir's request for fall elections and said it expected to vote Thursday in the Knesset, Israel's parliament, with the opposition Labor Party for May elections. Its leadership said the economy was worsening and the sooner elections were held the better. Inflation is now running at nearly 25 percent a year.

Both Labor and Tami are afraid a later date would enable the government to soften its economic austerity program to win votes.

### Tass Reports 100 Injured in Quake

MOSCOW (AP) — More than 100 people were injured and an unspecified number were left homeless in Gazi, where a major earthquake struck Tuesday, Tass reported Wednesday.

The city of about 2,000 in the central Asian republic of Uzbekistan was apparently the hardest hit along a 500-mile (800-kilometer) stretch. The earthquake occurred along a line from Tashkent, the capital of Uzbekistan, to Ashkhabad, the capital of Turkmenistan, on the Iranian border.

Tass said that electricity was knocked out at the main compressor station for a natural gas pipeline at Gazi, but that the building without the earthquake and that an emergency team was able to prevent any "accidents," presumably fires. However, the gas flow was interrupted, Tass said, as was water service. Tass said electricity was still on Wednesday.

### U.S.-Soviet Arms Commission Meets

GENEVA (AP) — The United States and the Soviet Union met Wednesday at the Standing Consultative Commission, which oversees the implementation of the 1972 treaty limiting anti-ballistic missiles, drawn up under the SALT-1 arms treaty.

The meeting represented the first bilateral talks on nuclear arms issues that the two countries have held since discussions on both strategic arms and intermediate-range nuclear missiles broke down in Geneva at the end of last year.

A brief communique issued by the U.S. Mission in Geneva did not say how long the meeting lasted or what was discussed. The commission set up to deal with any problems arising from the verification of the ABM treaty, is required to meet at least twice a year. The meeting Wednesday was the first in 1984.

### Truckers Block French-Spanish Rails

HENDAYE, France (AP) — Several trucks were driven onto railroad tracks Wednesday between this southwestern city and Irún in Spain as a blockade by French drivers on border crossing points was extended.

The police were attempting to remove the trucks as new talks on ending the dispute were scheduled. The French drivers are protesting attacks on 21 trucks in northwest Spain by Spanish fishermen in retaliation for a French naval ships firing on two vessels accused of fishing illegally in the Bay of Biscay on March 7.

About 500 French trucks remained in position for the third day, blocking three border posts between the two countries. The French Ministry of Transport announced Tuesday night that one of its representatives would go to Bayonne in an effort to settle the dispute.

### For the Record

Vasily Smyslov and Gary Kasparov drew the fifth game of their world elite elimination chess match Tuesday, Tass reported. This gave Mr. Kasparov an edge of 3½ to 1½ in the match, being played in Vilnius, Lithuania. The player to win 8½ points will challenge the world champion, Anatoli Karpov, (AP)

Chiang Ching-kuo, 73, was elected unopposed Wednesday to a second six-year term as president of Taiwan by the National Assembly. (Reuters)

A court in Karlsruhe, West Germany, quashed Wednesday a three-year prison sentence imposed last year on a former Iranian deputy prime minister, Sadegh Tabatabai, on a drug-smuggling charge. The court said he had diplomatic immunity. Mr. Tabatabai flew back to Iran a day before he was sentenced. (UPI)

A leading opponent of President Augusto Pinochet of Chile, Jorge Lavandero, was hospitalized Tuesday night, reportedly in serious condition, after being beaten up by a group of unidentified men, police sources in Santiago said. (Reuters)

Fire swept the Paris headquarters of the United Nations Educational, Scientific and Cultural Organization on Wednesday, destroying some archives and causing severe damage, but no injuries. The director-general, Amadou Mahtar M'bow, recently agreed to the appointment of an international commission to investigate UNESCO's operations.

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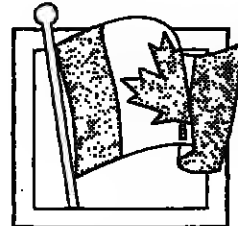
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## Duarte, Guerrero Seek Talks With Left

By Lydia Chavez  
New York Times Service

**SAN SALVADOR** — Two of the three leading candidates in El Salvador's presidential race say that if elected, they will open a

"dialogue" with the left to bring the insurgents into the electoral process and end the country's four-year civil war.

The proposals are more comprehensive than any offered by government officials and politicians in the past.

José Napoleón Duarte, the candidate of the Christian Democrats, described a plan that would entail taking firm action against violence by the security forces and rightists and opening a national dialogue with representatives from all sectors of Salvadoran society, including the left.

Francisco José Guerrero, the candidate of the National Conciliation Party, proposes an amnesty program and an expansion of the government's Peace Commission to include more liberal interests in El Salvador. If there was agreement, he said, the first action of commission would be to call for a truce.

Both Mr. Guerrero and Mr. Duarte acknowledged in separate interviews Monday that it would take at least a year, and probably longer, to end the war. During that period, they said, the country would need substantial military and economic aid from the United States, but not U.S. troops.

Only Roberto d'Aubuisson, the candidate of the Republican National Alliance, has totally rejected dialogue as a way to achieve peace. Mr. d'Aubuisson's stand has won strong support from far-right and conservative Salvadorans, who equate any overtures to the left with a surrender to Communism.

If carried out, the proposals of Mr. d'Aubuisson's opponents are bound to unsettle the strong rightist movement and many military officials. The Peace Commission's talks last year with representatives of the left set off a wave of rightist violence.

The contrast between what Mr. d'Aubuisson and his opponents are offering — a military solution as opposed to dialogue followed by elections — makes it likely that the issue will figure prominently in the second round of campaigning.

None of the candidates are expected to win more than 50 percent of the vote Sunday, which means the two front-runners will compete in a runoff election in early May.

### Rebels Call for Boycott

The Salvadoran rebel movement called on residents of guerrilla-held or disputed regions of the country Tuesday to boycott Sunday's presidential election. The Washington Post reported.

"In areas under control of the FMLN and areas to dispute, the watchword to the population is 'no voting,'" the statement said, using the Spanish initials for the rebels' five-group Farabundo Martí National Liberation Front.

Others involved in the effort, which began late last year, included Leonel Gómez, the former deputy director of El Salvador's land redistribution program, who was granted political asylum in the United States after the 1981 assassination of the program's director, and Bruce P. Cameron, a former congressional aide who is director of a Central America project organized by Americans for Democratic Action.

### DELEGATE COUNT

The following is a projected count of Democratic National Convention delegates. To win the nomination at the convention in San Francisco July 16 to 19, a candidate must gain the votes of at least 1,967 of the 3,933 delegates. Tuesday's results are partial, and totals include redistribution of delegates from candidates who had earlier left the race.

FROM TUESDAY	
Walter F. Mondale	97
Gary Hart	39
THE TOTAL SO FAR	
[Including 189 chosen by Congress from among its members.]	
Walter F. Mondale	639
Gary Hart	357
Jesse L. Jackson	79
Uncommitted	268
Total	1,343

## Hart Meets Skepticism

(Continued from Page 1)

Mondale while only about 3 in 10 supported Mr. Hart.

Union backing also figured strongly in Mr. Mondale's success, according to the ABC poll. Among people in union households, 39 percent supported Mr. Mondale and 28 percent went for Mr. Hart. In nonunion households, those figures were just about reversed, with Mr. Hart getting 42 percent and Mr. Mondale 30 percent.

Mr. Hart's main strength continued to come from independent voters — people who do not think of themselves as Democrats despite voting in a Democratic primary.



Placards displayed at a San Salvador rally ask an end to terror and that journalists tell "the truth." The rally, attended by 5,000, was called to urge women to vote.

## Mondale Defeats Hart In Illinois Primary Vote

(Continued from Page 1)

halted the momentum Mr. Hart gained from a recent string of primary and caucus victories.

Acknowledging his defeat, Mr. Hart stressed Mr. Mondale's advantage in union support and more numerous campaign appearances in Illinois.

"That was a terrible hurdle for me to overcome, and I don't consider tonight's loss that big a loss," the Colorado senator said in Washington. He echoed Mr. Mondale's assessment after last week's Southern policies that the race was "a marathon."

Mr. Mondale reacted cautiously to his victory. "I still expect it to go the other way," he told reporters in St. Paul, Minnesota. Declining to reclaim the mantle of front-runner that slipped from him after the New Hampshire primary last month, he said: "This is just one victory. We've got a long way to go."

The voting appeared to enhance Mr. Jackson's potential as a power broker to the Democratic Party. Mr. Jackson said: "It is a three-man race. And the only way it will be a two-man race is if Mondale or Hart quits."

The most striking feature of the voting Tuesday was the heavy black turnout and its decisive break in Mr. Jackson's favor, according to a New York Times-CBS News poll of voters who had cast their ballots.

Mr. Hart's minority vote was negligible, as it had been in previous primaries, suggesting that Mr.

Jackson's showing here came largely at Mr. Mondale's expense.

Mr. Mondale's campaign manager, Robert Beckel, acknowledged that in states where Mr. Mondale and Mr. Jackson have competed for black votes, Mr. Jackson usually has won. But Mr. Beckel said in a television interview Wednesday, "If Mondale were to get the nomination I think he would have a far easier job uniting black Democratic voters, black Americans, back into his candidacy than any other candidate would with the exception of Jesse Jackson."

### Percy Wins Renomination

Some important state and local races also were decided Tuesday.

Senator Charles H. Percy, the chairman of the Senate Foreign Relations Committee, won the Republican nomination for his seat with 59 percent of the vote. He will meet Representative Paul Simon, who has served five terms in Congress, in the general election.

Representative Daniel B. Crane, 47, a Republican, was renominated to his first race after being censured by House colleagues for having sex with a 17-year-old female page.

And Mayor Washington failed in his bid to oust Alderman Edward Vrdolyak as chairman of the Cook County Democratic Central Committee and win control of the political machine built by the late Mayor Richard J. Daley.

Mr. Vrdolyak maintained his support to at least 28 of 50 city wards choosing committeemen, a decline of four.

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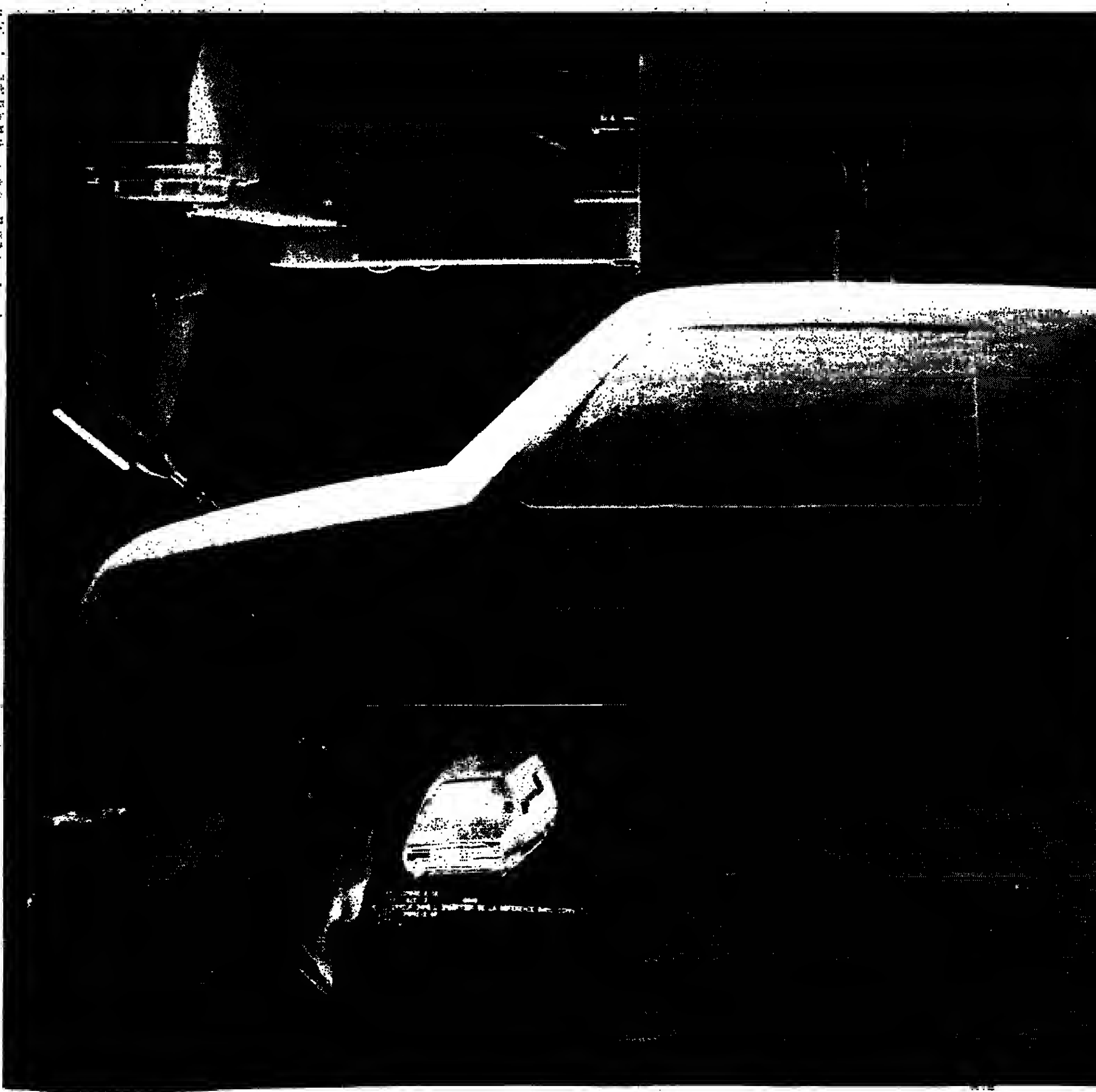
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## Portugal's Farming Cooperatives Disintegrate

### Farms Fail Financially or Are Given Back to Prerevolutionary Owners

By John Darnton  
New York Times Service

AVIS, Portugal — South of the River Tagus, the plateau of the Alentejo sweeps east all the way to the Spanish border and south to the Algarve, an undulating plain of striped ochre-red cork trees and twisted olive trees, rocky crags and baking, whitewashed villages.

It is a landscape that evokes timeless tradition, peasantry, the Roman Catholic Church, conservatism. But perhaps more than any other part of Portugal, this southern region was shaken from its lethargy by the revolution of the mid-1970s.

The leftists and Communists who were in power briefly in Lisbon in 1975 issued decrees seizing the huge landholdings traditional in the south and turning them over to the impoverished peasants. The peasants formed cooperatives and collectives that, in some cases, transformed their lives.

Today, many of them are breaking up. Some are being liquidated because they have not proved financially viable and the postrevolutionary government is demanding strict accounting.

Others are failing because a law approved by a Socialist government in September 1977 allows the former landowners to reclaim part of their estates.

The amount of the *reserva* that must be returned varies according to a complicated point system. But what does not vary, according to representatives of the cooperatives, is that the land carved out for repossessors is the choicest parcel. Without it, the cooperative is likely to go under.

In 1977 there were 536 cooperatives in the Alentejo, occupying almost 2.8 million acres (1.12 million hectares). Now there are 362, covering 1.2 million acres. They employ 22,500 workers and, with 10 percent of Portugal's farming land, produce 18 percent of its cereals, 18 percent of its tomatoes, 25 percent of its rice and 70 percent of its tobacco.

In scores of villages during the revolution, the Communists took over the local councils. Even some critics concede that they provided

effective government, concentrating on sanitation, electricity, transport, literacy programs and communal wells for washing.

As a result, the Alentejo is perhaps the most solidly Communist belt of rural land in Western Europe today. To election after election, the villagers contribute loyally to the party's national draw of just under 20 percent.

The ideological and international questions seem ethereal and far away in Avis, a town of 7,000 people, where farmers measure improvements with country practicality by counting heads of livestock and recalling the old days when seven families owned all the land in sight.

"Before the revolution, people were hungry and lived in squalor," said José Pires, a retired farm worker. "We worked from sunup to sundown for 20 escudos a day," which was the equivalent of one dollar.

"When there was work to be had, there were no days off," he said. "Now, look at life with the cooperative. We grow our own food and build our own modern houses. We have our schools and shops. We have one day off a week. Life is completely different."

The cooperative that rules Avis, in conjunction with the Communist-dominated town council, is the First of May.

The First of May is one of the country's showcase cooperatives and one of the few to show a profit.

The secret seems to be compulsive bookkeeping, stringent rules, good business sense and a penchant for modernity. The shepherds are equipped with walkie-talkies so that they can summon help when robbers or predators appear.

"We've built more in the last six years than they built in 50," said José Luis, the director. Before, he said, the 12,300-acre area provided work for 43 people. The cooperative has 430 members, from 270 different families.

José Luis is hardly an apolitical farmer; he is a member of the Communist Party's central committee. But many here appear to share his basic message — that the prerevolutionary life in the Alentejo, when absentee landlords paid meager daily wages during planting and harvesting seasons and otherwise left the peasants to fend for themselves, amounted to an exploitation that was just short of servitude.

When the revolution came, the slogan "The land to those who work it" seized the imagination of the day laborers. In most cases, they simply moved in and took over.

As the number of cooperatives shrinks, the number of unemployed is rising. According to the Collective Union of Production, the Communist-dominated organization that represents the cooperatives, some 50,000 jobs have disappeared in the Alentejo over the last five years.

The cooperative that rules Avis, in conjunction with the Communist-dominated town council, is the First of May.

The First of May is one of the country's showcase cooperatives and one of the few to show a profit.



Police arrested a picket Wednesday as work began at a mine in England's Midlands.

## British Police Arrest 30 Pickets at Mines

The Associated Press

LONDON — Police arrested more than 30 pickets Wednesday in clashes outside mines in central England as Britain's nine-day-old coal strike spread despite a huge security operation.

The state-run National Coal Board reported that 37 of its 174 pits were operating normally.

seven fewer than on Tuesday morning, with 126 completely idle and the others producing only small amounts of coal.

Pickets from Derbyshire joined militants from the giant Yorkshire field in fanning out into central England counties of Staffordshire, Nottinghamshire and Leicestershire, where miners continued to work.

In the most serious incident, police reported that 21 pickets were arrested in scuffles at Nottinghamshire's Linby colliery as officers shepherded working miners through lines of jeering pickets.

A police spokesman said the pickets were charged with obstructing police and "breaches of public order."

## Book Says PLO Knew Israeli Invasion Plan Before Cabinet

By David K. Shipler  
New York Times Service

JERUSALEM — The Palestine Liberation Organization and the Lebanese Phalangist militia learned the details of Israel's 1982 plan for the invasion of Lebanon before the Israeli cabinet did, according to a new book by two Israeli journalists.

They contend that Ariel Sharon, who was then defense minister, kept the broad scope of the plan secret from the cabinet but coordinated the operation with Bashir Gemayel, the Phalangist leader whom Mr. Sharon hoped to install

as president of Lebanon. The PLO was given advance information by Egyptian intelligence, the authors report.

The book, which has just appeared in Hebrew, is scheduled for publication in English in June by Simon & Schuster under the title "Israel's War in Lebanon." It was written by Ze'ev Schiff, military correspondent for the newspaper Ha'aretz, and Ehud Yaari, Arab affairs correspondent for Israeli television. The two men's reporting on the war was widely regarded as the most comprehensive in Israel.

Mr. Sharon, asked about the allegations, dismissed them as unimportant and said that he had not read the book.

The book, subjected to military censorship and based on documents, intelligence reports and interviews with key officers and civilians, portrays Mr. Sharon, a former general, as having conducted "a very subtle coup whereby the cabinet's decision-making powers were unilaterally assumed by the defense minister without setting off an alarm or activating the safeguards" that are supposed to operate in a democracy.

As early as November 1981, the book says, Mr. Sharon told Bashir Gemayel that Israel was preparing for a war in which Phalangist participation would be desired, partly

in an effort to push Mr. Gemayel into the presidency. Mr. Gemayel was killed in a bomb explosion in September 1982 and his brother, Amin, subsequently became president.

Mr. Sharon's message made Bashir Gemayel "pry into information that the Israeli cabinet did not even suspect yet," the book asserts.

Both military intelligence and the Mossad, Israel's civilian intelligence agency, doubted Bashir Gemayel's reliability and had reservations about linking up with his forces, according to the authors. As the plans progressed, the book says, Mr. Gemayel rejected two Israeli requests: one, to allow Israeli troops to land at Jieh, the Christian-controlled port north of Beirut; the other, to order the Phalangists to open fire along the line separating East Beirut and West Beirut as a diversionary tactic.

That the PLO had details of the Israeli plan was demonstrated, the authors said, by the deployment of Palestinian tanks, brought from Syria, along the coast between Beirut and the Awali River, and by drills conducted in repulsing marine landings.

At the cabinet meetings of June 10 and 11, 1982, four to five days after the start of the invasion, Mr. Sharon told the ministers that the army would not go as far as Beirut.

the authors say, although the decision to do so, they say, had been made on the morning of June 10.

Prime Minister Menachem Begin was kept in the dark by Mr. Sharon, the book asserts, and was not told that the Israeli Army had reached the presidential palace on Beirut's outskirts. He first heard this news from Philip C. Habib, the U.S. special envoy to the Middle East, the authors say.

Mr. Sharon was so intent on masking the war's broad objectives, the authors say, that he handicapped the army, denying it the use of certain tactics that would have

tipped off the cabinet and the U.S. government to the fact that he planned to besiege Beirut and attack Syrian forces. The deception cost Israeli casualties, the book suggests.

Contrary to official pronouncements that Israel would not attack the Syrians, the book indicates that Mr. Sharon fully expected to clash with Syrian forces.

One document quotes him as outlining the goal of "destroying the terrorist organizations in Lebanon" and then declaring, "It is impossible to do this without running into the Syrians."

## Dutch Christian Democrats Advertise Against Deployment of Cruise Missiles

The Associated Press

AMSTERDAM — More than 300 prominent members of the Christian Democratic Party used a half-page advertisement in a national newspaper Wednesday to urge party parliamentarians to vote against deployment of cruise missiles in the Netherlands.

The advertisement appeared in the newspaper Trouw, which has Protestant religious leanings. The two largest Dutch Protestant churches recently took stands op-

posing the deployment of nuclear missiles in the Netherlands. The North Atlantic Treaty Organization has designated 48 U.S. cruise missiles for deployment in the country, and the government of Prime Minister Ruud Lubbers must decide on the issue in June.

The Christian Democratic Party is divided on the issue, as is the cabinet, although the junior coalition partner, the Liberal Party, favors deployment.

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# Mitterrand Has Become East Popular Leader of the Fifth Republic

By John Vinocur  
New York Times Service

PARIS — President François Mitterrand, pressing a policy of austere, has become the popular French president of the Fifth Republic was established in 1958.

Recent polls showing that a majority disapprove of his handling of affairs reflect almost no animosity, but a sense of life has become harder and the future uncertain.

After the publication last week of the negative economic statistics, Mitterrand's visit to the United States, starting Wednesday, was almost a respite from his domestic problems.

The latest statistics illustrate the government's difficulties in creating jobs and maintaining buying power. Unemployment, running at 10.5 percent in 1983, remains at that level, or more than twice the rate of the United States. The rate of inflation, however, has declined last year, and the national debt grew.

With austerity replacing expansion as the dominant economic doctrine late 1982, the difficulties have been exacerbated by voter interest in the Socialist platform of building a more socially and economically responsible society.

The government now talks of the "economic courage" needed to prepare for the future, the vocabulary social change that brought Mitterrand to power in May 1981 is most gone.

A woman who works as an investigator in the Ministry of Defense says, "We get letters from women telling us they will commit suicide if they don't get work. Hanging suicide — that kind of thing is like a memory from a time when a thousand years ago."

The government's predicament, reflected in poll results and in municipal election losses, is that leftists are being asked to show understanding for austerity policies, including a reduction of the work week, with no early prospect of an economic recovery. Under the circumstances, Mr. Mitterrand was described last week by Serge July, a writer with close presidential contacts, as expecting a "paroxysm" of outbursts that would test his courage and his skills as a conciliator.

This tension and the possibility of strikes and street clashes that began with spring weather in France became clear this month after the government cut the work week in mining, shipbuilding and steel, and rejected civil servants' demands.

With leftist support for Mr. Mitterrand's policies already alienated, Henri Krasucki, head of the Communist-led CGT, the General Confederation of Labor, said: "What is now happening in the social, industrial and public service areas is unacceptable from anyone."

In contrast to these domestic economic problems, Mr. Mitterrand's foreign policy — intervention in Chad and Lebanon, and deeper involvement in the Atlantic alliance and in West European defense — has received wide support at home. As far as the United States is concerned, Mr. Mitterrand's France is a valued and respected ally, so much so that a U.S. official said the State Department

now saw fewer problems between the United States and France than between the United States and Britain.

Mr. Mitterrand's visit to the United States, according to French and U.S. officials, is programmed to emphasize this good feeling.

But at home, he is now being told by friends that his government has appeared imprudent and vague. They say that it is a mistake to talk about successes like creating an extra week of vacation because they do not correspond to voters' preoccupations. They suggest that Mr. Mitterrand has not done much in "winning back public opinion," a theme at a recent Socialist convention.

His accomplishments, fulfilling election pledges, include decentralizing the administrative system to give regional authorities more responsibility, changing the penal and criminal justice systems, and bringing greater equality to health care, education and housing.

But in many cases, the changes have created resistance or contradictions. Although decentralization has moved forward, the office of president remains enormously powerful, as do the cabinet ministers. Hospital management has been reorganized, but patients pay more. About 7,000 prisoners were given amnesty in 1981, but the prison population is greater than when Mr. Mitterrand took office.

He has stressed his commitment to a just and open society, but laws restricting private schools and limiting some newspaper publishing groups have been contested.

Emmanuel Le Roy Ladurie, an historian admired by Mr. Mitterrand, has said: "We have gone through a tremendous fiscal retrenchment combined with an expansion of the bureaucracy. I am not convinced French society has become much more open."

The government has had difficulty in convincing people that the economy has suffered less from its expansionary policies of 1981 and 1982 than from the industrial choices made under President Valéry Giscard d'Estaing.

An opinion poll taken in late February by the French Institute for Public Opinion found that 51 percent of those questioned were either "fairly dissatisfied" or "very dissatisfied" with Mr. Mitterrand's performance. Only 32 percent, the poll found, expressed any degree of satisfaction.

Jean-Luc Parodi, an institute analyst, said there had been an even lower score for Mr. Mitterrand in a poll six months ago, which found 54 percent dissatisfied. He said these were the lowest scores for any president of the Fifth Republic.

The previous lowest score, he said, was a 35 percent favorable opinion for Mr. Giscard d'Estaing shortly before he left office in 1981, after seven years in power. The other elected presidents of the Fifth Republic were Charles de Gaulle, from 1958 to 1969, and Georges Pompidou, from 1969 to 1974.

The climate of political uncertainty is such that Mr. Mitterrand, who normally reads about a country before visiting it, is said to have been concentrating his time not on the United States but France in the decades after Napoleon. An aide said he wanted to see how others governed after a period of drastic social change.



Polish students in Garwolin emerge from a Mass at which many of them signed an open letter to Pope John Paul II.

## Pope Backs Episcopate On Crucifixes in Poland

Compiled by Our Staff From Dispatches

VATICAN CITY — Pope John Paul II expressed strong support Wednesday for the condemnation by Poland's Roman Catholic bishops of government plans to remove crucifixes from schools and other public buildings.

The pope, speaking in Polish at his weekly audience here, quoted a recent statement by the Polish bishops' council that warned that the church would resist the government plans.

He then expressed his "profound solidarity with the concern of the episcopate and of all the faithful in the homeland."

John Paul called the crucifix dispute, which prompted the bishops to take their strongest stance against the government in several months, "a very painful question."

The bishops' statement said that religious symbols should be displayed in public places and schools, and that crucifixes that had been removed should be restored.

In Poland, a priest said that more than 300 high school students in Garwolin, where the dispute began early this month, have signed an open letter to the pope seeking help in their campaign to keep crucifixes in the classrooms.

The appeal said: "We hope the crucifixes will return to our school. The law of freedom of religion and respect for the religious feelings of every Roman Catholic requires this. We ask for your blessing."

In another development, underground newspapers of the outlawed Solidarity trade union said Tuesday that prison authorities had forced 13 jailed Solidarity members who have been on a hunger strike for two months.

The hunger strikers, who are being held at the Strzelin jail in southwestern Poland, are seeking political-prisoner status, better living conditions, improved medical care, more frequent family visits and permission to watch television, the underground papers said.

The Polish government does not grant political-prisoner status to jailed members of Solidarity.

"The protest has been in vain so far," said the paper Wola. It said one prisoner, identified as M. Rysiewicz, had suffered throat injuries as a result of force-feeding.

Gazeta Niedzielnia said there were 244 political prisoners in Polish jails. It said 65 of them were serving terms of three years or longer. (Reuters, UPI, AP)

# U.S. Jewish Groups 'Didn't Do Enough'

## Study Faults Organizations for Failing to Save More From the Holocaust

By Walter Goodman  
New York Times Service

NEW YORK — After two and a half years of studying a question that has weighed on the minds of American Jews for four decades, a group of prominent American Jews has concluded that the country's major Jewish organizations did not do all that they could have to save victims of the Nazis.

"As much as it hurts me to have to say it, we didn't do enough," the group's chairman, Arthur J. Goldberg, a former Supreme Court justice, said in an interview. "Nobody did enough."

Much of the final report of the American Jewish Commission on the Holocaust, an unofficial group of 34 Jewish Americans, is given over to reasons that Jewish leaders did not act more effectively, although they knew by the fall of 1942 that the Nazis were bent on a policy of mass extermination.

The commission broke up temporarily last year in a clash over the harsh assessment of former Jewish leaders in a preliminary report. The dispute is sure to continue with the publication of the final report, which is to be released next month.

The final report was written by Seymour M. Finger of the Graduate School of the City University of New York.

A fundamental reason for the overall failure of the Jewish organizations, in the commission's view, was that they were disunited, financially limited and lacking in political influence. Also, many of their leaders were afraid of stirring up anti-Semitism in the United States and impeding the Allied war effort, the report said.

The commission conducted no hearings, relying instead on research by academics and journalists. It focused on the American Jewish Committee, and the Joint Distribution Committee, a wartime relief agency, the American Jewish Congress, affiliated with the World Jewish Congress, Yonai Broide and his affiliates, the Anti-Defamation League, the Jewish Labor Committee, and organizations of the Orthodox community.

Individuals associated with most of the groups served on the commission, although not officially as representatives of their organizations.

Credit is given to all the groups for their efforts under difficult circumstances, but most are criticized for their diffidence in a time of crisis.

In an appraisal of what it calls "discreet backstairs diplomacy" by the "upper class" American Jewish Committee, the report noted: "With each worsening event, the committee reacted by contacting yet another official or revisiting the same ones to call their attention to the new situation. They were still trying to persuade the same officials when the war ended."

Yonai Broide did not face up until well into the war years to the fact that conventional, quiet, behind-the-scenes prodding of sympathetic government officials was in essence leading nowhere," the report said.

Although the American Jewish Congress was more inclined to call for "highly visible, militant actions — boycotts, street demonstrations, rallies," the report noted that in 1940, its leader, Rabbi Stephen S. Wise, "refused to sanction any tactics that would embarrass the pro-British administration of Franklin D. Roosevelt and check its Lend-Lease scheme."

Will Maslow, a former executive director of the American Jewish Congress and now its general counsel, was critical of the commission's scholarship. "You set up a commission to set policy, not to find facts," he said. "A commission isn't capable of producing a good scholarly work."

Rabbi Marc H. Tannenbaum, director of the international relations department of the American Jewish Committee and a member of the commission, said he found the references to his organization "balanced."

The report is less critical of the smaller Orthodox organizations, which helped to save thousands of Polish Talmudic scholars using such devices as bribes and forged documents.

In the commission's analysis, many American Jews suffered from three serious "misconceptions."

First, "Nazism was not essentially different from the many forms of anti-Semitism of the past" and Jews would come through it as they always had.

Second, there was no point in trying to make deals with Hitler's allies and satellites.

And finally, the American and British governments "would give the rescue of Jews a serious priority."

But the report said the United States and Britain "made little or no attempt until very late in the war to rescue Jews from the Holocaust and in some cases actually obstructed such attempts by others."

Mr. Goldberg attributed the refusal of the Allies to bomb the rail lines to Auschwitz to "indifference."

"I was with the Office of Strategic Services during the war, and I can tell you that the excuse that we couldn't afford to divert planes just didn't hold water," he said. "The Allied officials were preoccupied with winning the war, and Jews just didn't amount to much."

The "crucial need," according to the report, was to offer inducements to the authorities in such Nazi-allied countries as Romania, Hungary and Czechoslovakia to resist orders to deport Jews, to stop physical mistreatment and to permit mass exodus. "This crucial need was not met," it said.

# Memory of 1980 Kwangju Uprising Weighs Heavily Upon South Korea

By Clyde Haberman  
New York Times Service

KWANGJU, South Korea — After Major General Chun Doo Hwan seized power and imposed strict martial law four years ago, students in this southwestern city took to the streets. By the end of their uprising in late May 1980, government troops had killed nearly 200 people by official count, and far more than that according to Kwangju residents.

About 130 victims were buried in neat rows in an unmarked corner of the main public cemetery east of the city. Walls there is no formal memorial to them. Koreans and foreign visitors make regular trips along bumpy back roads to look at the gravesites clustered on a gentle hillside.

Over the last year, however, bodies have been removed one at a time in what dergymen and social activists say is an attempt to "erase the memory of Kwangju."

The families of at least 21 victims have moved graves elsewhere, spurred by money offers from civic groups believed to have government encouragement, if not official backing. Families have told social workers that they were promised the equivalent of \$13,000 on condition that they take the bodies of their slain relatives elsewhere.

"They're trying to get rid of the cemetery as a possible focal point for opponents," said a person who has done social work with the families of the victims.

The violent suppression of the Kwangju uprising is perhaps the single biggest political burden for Mr. Chun, who is now president. When political dissidents are asked why anti-Chun student demonstrations have grown in number in the last two years, they cite the events here in 1980 most frequently.

The city is quiet these days, although there have been a few student rallies, called mainly to discuss the government's announcement of more liberal policies toward protesters.

A good deal of public construction is under way — housing and roads, for example — much of it of the sort that Kwangju did not get in the past. This corner of the country has long considered itself short-changed by successive central governments dominated by leaders from other regions.

Beneath the outer layer of calm, some people here say, emotions remain roiled. "There is a lot of pain and hurt that has not been healed," said the Catholic archbishop of Kwangju, Youn Kong Hi.

Kwangju is likely to acquire fresh political significance in early May when Pope John Paul II visits South Korea, for his four-day schedule includes the celebration of a Mass in a sports stadium near the center of this city of 800,000. Both government officials and critics have already indicated that, no matter what the pope says, they are ready to accept his statements as an endorsement.

"The pope's going to Kwangju has a significance that cannot be undermined," said Oh Jae Shik, an official of the National Council of Churches in Korea, which tends to be at odds with Mr. Chun. "Symbolically, he is visiting a site where no government official has gone."

The pope's trip is intended to commemorate 200 years of Catholicism in Korea and mark the canonization of 103 Christian martyrs who were victims of persecution a century ago.

The visit is purely a spiritual one, said Monsignor Emil Tscherrig, chargé d'affaires of the Vatican in Seoul. "It is not the pope's intention to become what many would like to see — another opposition party," he said.

Nevertheless, Archbishop Youn and others say it is inevitable that people will attach significance that may or may not be intended.

In Kwangju, the basic theme of the Mass will be reconciliation.

# House Democrats Agree On Plan to Cut Deficits

By Steven V. Roberts  
New York Times Service

WASHINGTON — Democratic leaders in the House of Representatives have agreed on the broad outlines of a budget plan that they said would reduce federal deficits by about \$185 billion over the next three years.

That would be accomplished primarily by imposing strict limits on most government spending, with the exception of Social Security — which provides retirement benefits and disability payments — and automatic benefit programs aimed directly at the poor.

Military spending and some social programs favored by Democrats would be allowed to rise above the basic limitations. But the lawmakers would have to approve legislation raising enough revenue to cover those increases.

The Democrats' plan would save about \$35 billion more than the comparable Republican plan by limiting many ordinary government functions to a yearly increase of 3.5 percent. The plan also calls for an increase in military spending of 3.5 percent after accounting for inflation, or about half the 7-percent rise being sought by the Reagan administration.

[A total of \$95 billion, or more than half of the three-year total of deficit reductions, would come from cuts in the buildup in the military budget. The Washington Post reported. That amount is more than double the \$40.2 billion in military savings that Mr. Reagan endorsed last week in a budget compromise with Republican congressional leaders.]

Representative James R. Jones, an Oklahoma Democrat who heads the House Budget Committee, said Tuesday night that there was "general acceptance" of the plan among Democrats.

The strategy behind the Democrats' plan is to appeal to two basic, and somewhat contradictory, themes that have appeared in the current election campaign: attacking the Republicans on the ground that they are being unfair to average Americans, while displaying concern for budget deficits.

The Democrats began drafting their plan after talks between Republican leaders and the White House failed to produce a bipartisan plan. The Republicans and President Ronald Reagan then agreed on their own plan last week.

Mr. Jones estimated that under the Democrats' plan, the annual deficit for the fiscal year 1985 would be \$177 billion, compared with \$185 billion under the new Republican plan and about \$200 billion under Mr. Reagan's original budget.

The core of the Democrats' plan depends on limiting most ordinary government functions to the annual increase of 3.5 percent, or about 1.5 percent below the anticipated level of inflation. However, Social Security and automatic benefit programs that serve poor people, such as welfare, would rise according to the full inflation rate.

In addition, when the bill reaches the floor, probably early next month, the House Budget Committee would present an amendment providing for further increases. Under that amendment, military appropriations would rise 3.5 percent above inflation, or a total of about 8.5 percent, based on the projection.

The same amendment would also provide for a 3.5-percent increase above inflation for selected social programs that have important constituencies within the Democratic Party.

# Pentagon Fears Election May Sap Arms Policy

By Walter Pincus  
Washington Post Service

WASHINGTON — Senior Pentagon officials, led by Assistant Defense Secretary Richard N. Perle, are fighting to delay or prevent administration initiatives in several secondary areas of arms control.

These include some where the Soviet leader, Konstantin U. Chernenko, has called for movement by the United States.

"Perle wants to stop the process because of what he believes are the pitfalls of negotiating with the Soviets," an official said, "and because he fears real changes may be coming and he wants to head them off."

Pentagon officials cited concern that election-year pressures could lead the White House to enter negotiations without adequate preparations.

Mr. Chernenko has called for movement by the United States in three areas of nonstrategic weapons to prove its sincerity on arms control issues. The elimination of chemical weapons, negotiations to ban anti-satellite weapons and ratification of the 1974 U.S.-Soviet treaty banning underground nuclear weapons tests larger than 150 kilotons.

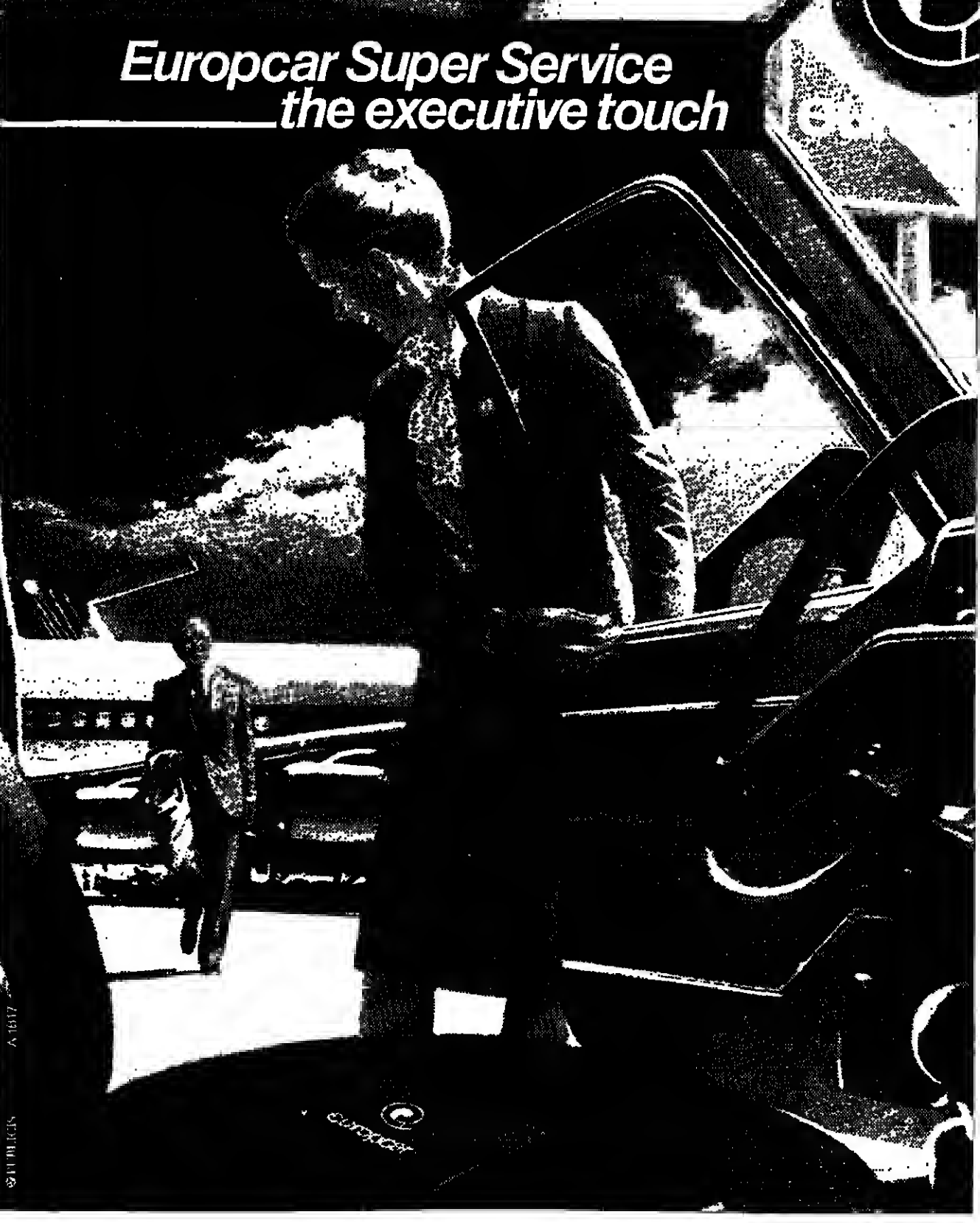
Both the United States and the Soviet Union have focused attention on these areas since the Russians walked out of the Geneva talks on medium-range and strategic nuclear weapons in December after the deployment of U.S. Pershing-2 and cruise missiles in Western Europe.

Mr. Perle, however, has managed to block any U.S. initiative on anti-satellite weapons and ratification of the threshold treaty, citing difficulties in verifying Soviet compliance. He has slowed movement on the chemical treaty and in development of a new U.S. position at the Vienna talks on conventional troop

reductions in Europe. Among the results of his strategy are:

- A draft treaty to eliminate chemical weapons, which Secretary of State George P. Shultz said in coming months, "is still in interagency meetings, awaiting the Pentagon's plan for verification. Mr. Perle said the verification provisions in a draft prepared by the Arms Control and Disarmament Agency were inadequate."
- An interagency study chaired by the Pentagon and recently delivered to the White House has determined that there are "insurmountable problems" in verifying a ban on anti-satellite weapons. Mr. Perle said last week. As a result, the administration is not expected to propose negotiations to ban these weapons at this time, he said.
- An effort by the Arms Control and Disarmament Agency's deputy director, David F. Emery, several months ago to reconsider administration opposition to the threshold treaty, was quashed by another Pentagon study that confirmed, according to Mr. Perle, that the "treaty as drafted is unverifiable."
- Negotiation of conventional troop reductions in Europe is the one area where the Defense Department has agreed to an initiative. At first, the Pentagon opposed a State Department proposal that was close to a position that Moscow proposed last year. Subsequently, the Pentagon prevailed over the State Department in determining the manner in which initial troop reductions would be counted, a complex approach that congressional sources said would guarantee a Soviet rejection.

Last week, Mr. Perle discussed his views before two Senate panels. On Wednesday, he told the Senate Armed Services Committee that "arms control without Soviet compliance is nothing more than an exercise in unilateral disarmament."



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SCIENCE

# Identification of Cancer Causes: Progress Amid the Alarms

By Philip M. Boffey  
New York Times Service

WASHINGTON — The parade of chemicals that cause cancer seems endless.

Today, the focus of public and regulatory attention is EDB, or ethylene dibromide, a pesticide that was widely used to fumigate grain, citrus fruit and soil until residues were detected in drinking water and food products.

Yesterday, it was dioxin, a contaminant found in many chemical products, including Agent Orange, the herbicide used to defoliate the jungles of Vietnam.

And before that, stretching back a decade or more, the roster of chemicals suspected or known to cause cancer included the pesticides DDT and Kepone; the artificial sweeteners cyclamate and saccharin; the synthetic hormone DES; the industrial chemicals asbestos, vinyl chloride, benzene, formaldehyde and polychlorinated biphenyls (PCBs); such consumer products as hair dyes and children's nightgowns treated with Tris, a flame retardant; and even such common items in the American diet as coffee and charcoal-broiled steaks.

These and dozens of other substances like them were accused of causing cancer and often other health or environmental damage. Each flared briefly into public prominence, generating headlines, scientific debate and political or legal or regulatory proceedings. In the end most were subjected to regulatory restrictions or, in a few cases, banned entirely. Each then disappeared from public debate, to be replaced shortly by the next "cancerogen of the month." These chemical carcinogens, among all the causes of cancer, have for the most part attracted the greatest amount of public and regulatory attention.

WHAT has it all added up to? Are we being bombarded relentlessly by one manmade chemical carcinogen after another in a losing war against cancer? Or are we making steady progress in our efforts to control the hazards of carcinogenic chemicals?

Although virtually any statement made about the role of chemicals in cancer is subject to dispute by one expert or another, recent interviews with more than two dozen cancer and health experts suggest the main lines of development over the last decade can be summarized in these ways:

- Commercial and industrial chemicals, the kind that typically raise alarm when detected at unexpected levels in food, air, water, soil, consumer products or the workplace, cause only a small proportion of the nation's 450,000 annual cancer deaths, probably less than 10 percent by the most widely accepted estimates.

- Even so, such chemicals remain a significant health problem, causing tens of thousands of cancer deaths each year that could potentially be prevented.

- Substantial progress has been made in assessing the extent of the carcinogen problem, establishing regulatory mechanisms and reducing exposures, although the extent of the progress cannot be measured and enormous gaps remain in regulatory surveillance.

- The impression that carcinogens are cropping up everywhere results, in part, from astonishing advances in analytic instruments that can detect chemicals in food or the environment in minute quantities, whose biological significance is uncertain. Scientists can find chemicals present in concentrations of one part per billion, roughly equivalent to measuring one second in a period of 33 years.

- Many mistakes have been made in coping with individual chemical carcinogens as the United States moves from one chemical alarm to another in seemingly haphazard fashion. Regulators and government officials have often been slow to act against economically important carcinogens until the evidence of their hazard becomes inescapable, and then have

sometimes overreacted. Regulators also sometimes ban one chemical carcinogen only to replace it with an alternative as bad or worse.

- The magnitude of the job ahead appears daunting. An enormous amount of work remains in testing, assessing and controlling exposures to chemical carcinogens.

- The fundamental problem is scientific ignorance, which prevents a more coherent approach to carcinogens. Only when scientists learn the precise mechanisms by which cancer is caused and the role chemicals play in the process will they be in a position to abandon their chemical-by-chemical attack and adopt a more comprehensive program of prevention and cure, some experts say. The most optimistic predict the disappearance of cancer as a major health problem by the end of the century.

The last decade has seen a striking shift of opinion among government officials and many scientists in the importance attached to the role of chemical carcinogens.

In the 1970s, a decade of great environmental sensitivity, government officials and scientists emphasized the role of manmade chemicals encountered in the workplace or the general environment as a major cause of disease, including cancer.

In 1978, for example, Joseph A. Califano, secretary of health, education and welfare, warned the nation was headed for an alarming increase in cancer deaths from occupational chemical exposures. He based his warning on an estimate, attributed to 10 distinguished government scientists, that 20 percent to 38 percent of all cancers in the near future would be caused by workplace exposures to just six industrial chemicals: asbestos, an acidic benzene, chromium, nickel oxides and petroleum fractions. These themes dominated news coverage of cancer issues. Studies of articles about cancer in the country's 50 largest daily newspapers in 1977 and 1980, conducted by the National Cancer Institute, found the most frequently mentioned causes of cancer were environmental pollutants, job-related exposures to carcinogens, and chemicals or additives, according to a report in the 1984 winter issue of the Journal of Communication.

But the official emphasis has shifted. On March 6, beginning a new cancer prevention program, Margaret M. Heckler, secretary of health and human services, stressed that the two major causes of cancer were smoking and diets that were low in fiber and high in fat. She estimated that only 7 percent of all cancers were caused by environmental and occupational exposures or chemical food additives.

The scientists most responsible for this change are two British epidemiologists, Sir Richard Doll and Richard Peto of Oxford University, who analyzed American cancer mortality rates for the Congressional Office of Technology Assessment. Their findings were published in The Journal of the National Cancer Institute in June 1981. Both researchers are world-renowned in their field.

After analyzing a wide range of scientific reports, cancer rates, population groups and places, the two scientists concluded carcinogens in the workplace, environment, food additives and industrial products cause fewer than 8 percent of American cancer deaths.

They attributed two-thirds of all cancer deaths to two factors: tobacco, which was firmly estimated to cause 30 percent of all cancer deaths, and diet, less confidently estimated to cause 35 percent.

By diet, they did not mean chemical additives or chemical pollutants that invade the food supply. Rather, they meant such dietary factors as carcinogens that appear naturally in food, an excess of fats that increase the production of carcinogens in the body, a lack of fibers that flush potential carcinogens out of the bowels, and a variety of other nutritional factors that affect the formation and transport of carcinogens in the body. They also estimated that viruses and oth-

er infectious agents cause 10 percent of the nation's cancer deaths; sexual and reproductive factors, 7 percent; alcohol, 3 percent, and other factors lesser amounts.

Some of the country's most eminent biomedical leaders believe the public has overreacted to repeated alarms over chemical carcinogens.

Joshua Lederberg, a Nobel Prize-winning geneticist who is president of The Rockefeller University in New York, lamented in an interview, "Every day there is a new cancer scare about the impact of minute amounts of specific chemicals." Not one of these chemicals, he said, can compare to the impact of tobacco in causing lung cancer or of hormonal influences in causing female breast cancer.

SIMILARLY, Lewis Thomas, president of the Memorial Sloan-Kettering Cancer Center in New York, warned in a recent essay that the fear of cancer "is reaching epidemic proportions these days." He cited the national scare over dioxin as an issue that "got out of hand." He said there was "no acceptable evidence as yet" that dioxin has caused any sort of cancer in man.

However, some scientists warn that cancer deaths from chemicals could surge in the future. There has been a sharp increase since the

1960s in the production of artificially produced organic chemicals that cause cancer. Since it usually takes 15 to 40 years for cancer to develop after first exposure to a carcinogen, scientists for years have been nervously watching for changes in cancer mortality rates.

There are no good measures of progress in the United States in the fight against chemical carcinogens, but many scientists believe there have been significant gains both in assessing the risk of chemicals and in controlling exposures to those deemed hazardous.

"It's hard to say how much progress we're making, but we're certainly better off than we were 5 or 10 years ago," said David Rall, director of the National Institute of Environmental Health Sciences, based in North Carolina.

The most important advance in testing over the last decade has been the development of laboratory tests that use microorganisms or cell cultures to assess the potential carcinogenicity of chemicals in a matter of days or weeks. Approximately 100 such tests have been described in scientific literature. None are trusted to give a definitive answer and virtually all are apt to miss whole classes of carcinogens. But chemical companies and government agencies are using the

tests to provide a quick indication of which chemicals are most likely to be carcinogenic.

There has been no comparable advance in improving the mainstays of carcinogen evaluation: epidemiological studies of humans exposed to toxic chemicals and long-term animal tests. Although epidemiological studies are considered the strongest evidence of hazard to humans, relatively few are conducted. Such studies seldom detect cancer caused by low levels of chemical exposure, and have difficulty apportioning blame for a cancer when a variety of chemical agents is present. Because cancer takes so long to develop after first exposure to a carcinogen, by the time epidemiologists detect it much damage has already been done.

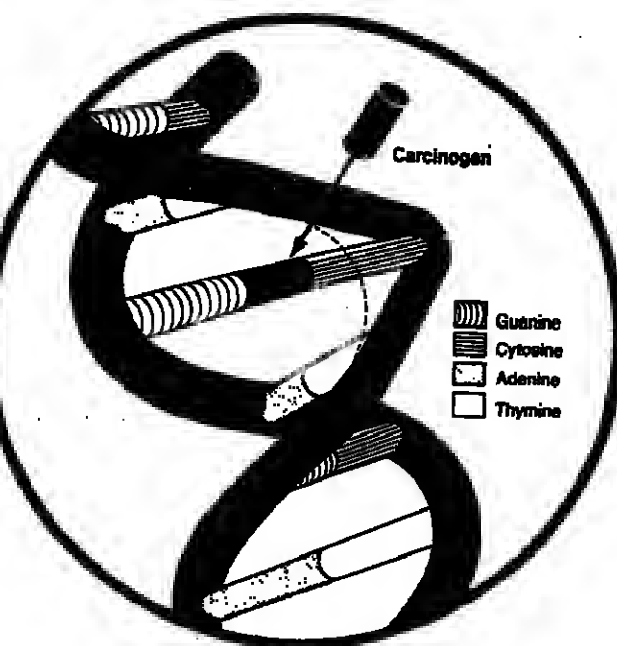
Animal tests are considered the next best thing in the absence of human data, but scientists often disagree on whether the effects seen in mice or rats given high doses of a chemical will necessarily occur in humans at lower doses. Animal tests are costly and can take two or three years to complete.

As for the second half of the job — controlling or eliminating hazards once they are identified — the federal government passed important new laws in the 1970s that permitted stronger regulation of

chemical carcinogens in the environment, the workplace and commerce and industry. Implementation of the new laws has been spotty. But the regulatory framework, at least, is in place.

Most scientists and regulators believe the workplace has become much cleaner over the last decade or two, at least at the biggest, most responsible companies. They see indications that the companies are adopting cleaner production systems, phasing out hazardous blue-collar jobs and trying to avoid liability suits by producing cleaner materials. But there is scant data available to document these trends for certain. There is no national monitoring system to estimate either the total chemical exposures received by the workforce, or the health of the nation's workers, or the levels of carcinogens present in consumer products. It was an unpleasant surprise, to the regulators, when they hurriedly tested food products for EDB residues and found levels they never expected.

The regulators have moved to restrict exposures to a wide variety of chemical carcinogens over the last decade, and whatever dangers were posed by these specific chemicals have almost certainly been reduced. But the impact on health is not measurable.



One view of how a carcinogen (dark area) might initiate cancer is that the chemical becomes incorporated within the DNA molecule, thus distorting its genetic message. The message is determined by the sequence of the four subunits in the molecule: guanine, cytosine, adenine and thymine.

The National Toxicological Program, which is required by law to evaluate the effectiveness of federal regulations in decreasing the risk to public health, called this "perhaps the hardest task" of all because virtually all the key laws were passed within the last 15 years, too recently to exert a measurable impact on cancer rates.

STARTING 2 APRIL

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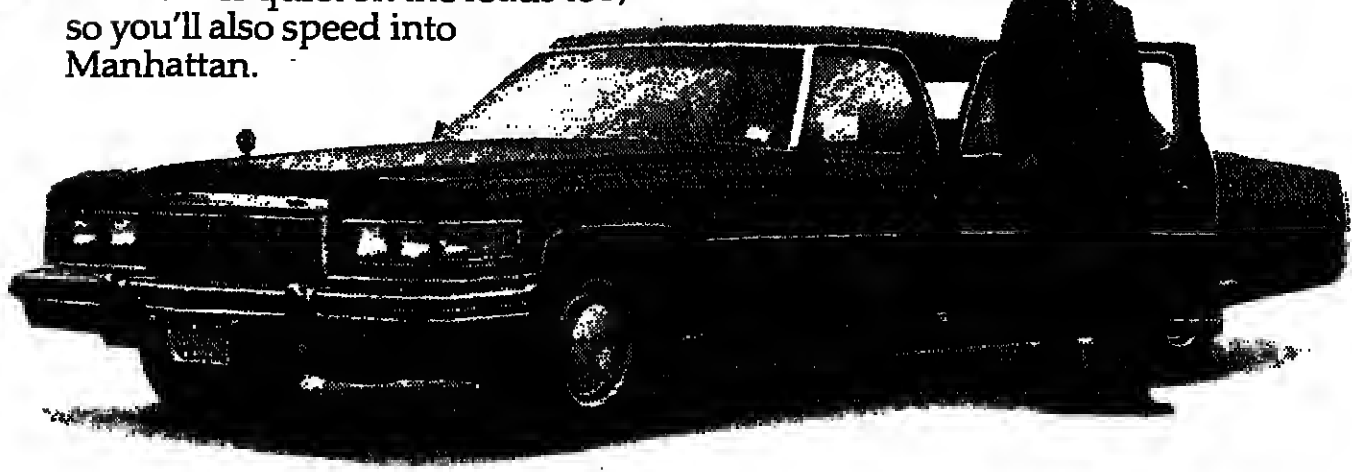
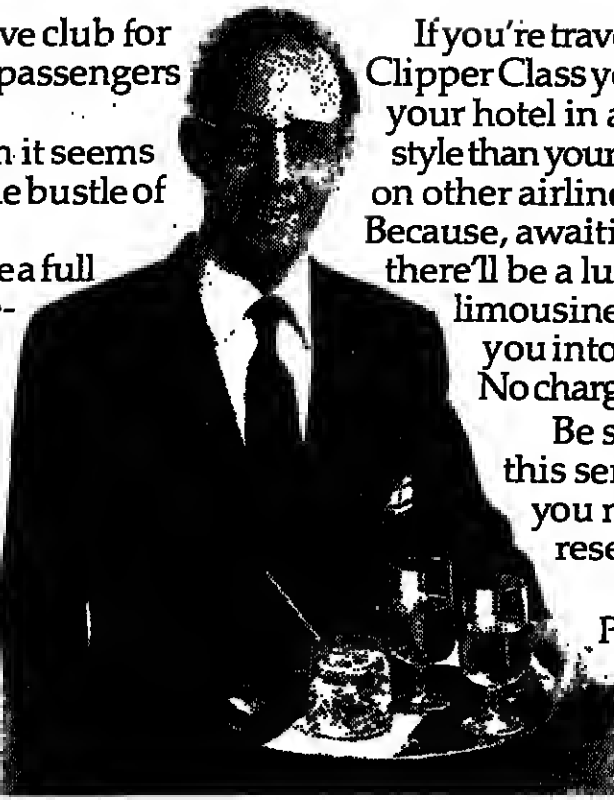
If you're travelling First or Clipper Class you'll arrive at your hotel in a lot more style than your counterparts on other airlines.

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## CURRENTS

### Tonsillectomy Need Is Questioned

BOSTON (AP) — The most common operation on children — removing their tonsils — can help youngsters with frequent and severe sore throats, but many will get better without surgery, a study has concluded. Each year, U.S. doctors operate on about 400,000 children to remove their tonsils — lymphoid tissues on either side of the throat at the back of the tongue which act as a filter against disease organisms, but which often become a site of infection themselves.

Dr. Jack L. Paradise, who directed the study at Children's Hospital, Pittsburgh, the first major U.S. review of tonsillectomies, said some doctors perform them on children who have occasional sore throats, while others virtually refuse to do them at all.

Whether a child with many sore throats should have tonsils removed depends on how important it is for the youngster to be free of these bouts of illness, Dr. Paradise said. Parents may want to consider the operation if the child is missing a lot of school and the sore throats are more trouble than they can cope with. "If, on the other hand, you're afraid to death of anesthesia or you don't like the notion of somebody cutting on your child, then you're not subjecting your kid to great risk if you wait it out and see what happens," he said.

### Research Begins on Atom Smasher

AUSTIN, Texas (UPI) — Initial research on development of the world's biggest atom smasher, a \$20-billion structure called the "superconducting super-collider," will be done by a consortium of four Texas universities.

The Houston Area Research Center — comprised of the University of Texas, Rice University, the University of Houston and Texas A&M University — will begin the research with the help of a \$2.2-million grant from the Energy Department. The federal funds will supplement about \$2.9 million from the HARC's member universities, the University of Wisconsin and four national laboratories.

HARC scientists say several Japanese design experts have agreed to assist in the early development of an atom smasher 40 times larger than any similar structure currently in existence.



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NYSE Most Actives					
Symbol	Vol.	High	Low	Close	Change
AT&T	1,234,567	24.50	24.25	24.37	+0.12
IBM	987,654	115.00	114.50	114.75	+0.25
GE	876,543	28.75	28.50	28.62	+0.12
Merck	765,432	45.00	44.75	44.87	+0.12
Amgen	654,321	32.00	31.75	31.87	+0.12
Boeing	543,210	65.00	64.75	64.87	+0.12
McDonald's	432,109	18.00	17.75	17.87	+0.12
Wendy's	321,098	12.00	11.75	11.87	+0.12
Domino's	210,987	8.00	7.75	7.87	+0.12
Arby's	109,876	5.00	4.75	4.87	+0.12

Dow Jones Averages					
Index	Open	High	Low	Close	Change
Indus	1173.25	1181.75	1173.25	1178.75	+5.50
Transp	125.12	126.25	125.12	125.87	+0.75
Comp	41.18	41.75	41.18	41.62	+0.44

NYSE Index					
Index	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

Wednesday's NYSE Closing					
Vol.	4 p.m.	Vol.	4 p.m.	Vol.	4 p.m.
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

AMEX Diaries					
Symbol	Open	High	Low	Close	Change
AMEX	1173.25	1181.75	1173.25	1178.75	+5.50
AMEX-100	1173.25	1181.75	1173.25	1178.75	+5.50
AMEX-200	1173.25	1181.75	1173.25	1178.75	+5.50

NASDAQ Index					
Index	Open	High	Low	Close	Change
NASDAQ	1173.25	1181.75	1173.25	1178.75	+5.50
NASDAQ-100	1173.25	1181.75	1173.25	1178.75	+5.50
NASDAQ-200	1173.25	1181.75	1173.25	1178.75	+5.50

AMEX Most Actives					
Symbol	Vol.	High	Low	Close	Change
AMEX	1173.25	1181.75	1173.25	1178.75	+5.50
AMEX-100	1173.25	1181.75	1173.25	1178.75	+5.50
AMEX-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Diaries					
Symbol	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

Odd-Lot Trading in N.Y.					
Symbol	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

Standard & Poor's Index					
Index	Open	High	Low	Close	Change
S&P	1173.25	1181.75	1173.25	1178.75	+5.50
S&P-100	1173.25	1181.75	1173.25	1178.75	+5.50
S&P-200	1173.25	1181.75	1173.25	1178.75	+5.50

Dow Jones Bond Averages					
Index	Open	High	Low	Close	Change
DJB	1173.25	1181.75	1173.25	1178.75	+5.50
DJB-100	1173.25	1181.75	1173.25	1178.75	+5.50
DJB-200	1173.25	1181.75	1173.25	1178.75	+5.50

AMEX Stock Index					
Index	Open	High	Low	Close	Change
AMEX	1173.25	1181.75	1173.25	1178.75	+5.50
AMEX-100	1173.25	1181.75	1173.25	1178.75	+5.50
AMEX-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

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NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
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NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
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NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
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NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
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NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
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NYSE Off in Moderate Trading					
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NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
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NYSE Off in Moderate Trading					
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NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
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NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
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NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
Symbol	Open	High	Low	Close	Change
NYSE	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
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NYSE-100	1173.25	1181.75	1173.25	1178.75	+5.50
NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

NYSE Off in Moderate Trading					
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NYSE-200	1173.25	1181.75	1173.25	1178.75	+5.50

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U.S. Stocks  
Report, Page 8

THURSDAY, MARCH 22, 1984

WALL STREET WATCH

Many Analysts Predicting  
A Resurgence of Inflation

By EDWARD ROHRBACH  
International Herald Tribune

Behind all of Paul Volcker's cigar smoke, Wall Street seems to be betting that real fires of inflation are about to start burning. Group averages compiled by Paine Webber show that three inflation-hedge sectors of the market—domestic oils, natural resources and international oils—have been the top performing stocks so far in 1984.

In fact, only these groups plus gaming issues, energy services and New York City banks are up for the first 11 weeks of the year. Stock prices of all the other 44 groups that Paine Webber monitors are down—many substantially—for 1984.

Of course, some of the bounce in oil stocks is the result of merger-takeover speculation. But as the U.S. economy continues to boom, worries of the recovery overheating are growing.

Harry Zissoon, research director and economist for Thomson McKinnon, has been warning about a resurgence in inflation since last fall.

"I expect inflation to pick up steam as the year unfolds, reaching 7 or 8 percent by the end of 1984," he said. "The silver lining in this cloud is that when inflation peaks at about 10 to 12 percent, it will still only be at a level about half as high as its peak in the last business cycle. That's good news for long-term investors."

The consensus forecast among economists for inflation in 1984 is 4 to 5 percent on the Consumer Price Index, up from last year's 3.9 percent.

Mr. Zissoon sees interest rates rising and industrial production slowing down in the third quarter, "but no recession—the earliest I think the business cycle will peak is the spring of 1985." His investment strategy is to increase weightings in real estate, natural resources, metals, oil, gas and energy-related stocks at the expense of banks and finance issues, savings and loans, consumer-related stocks, autos, housing and construction.

Stocks he has been recommending where "investors can find protection against inflation" include:

- Atlantic Richfield, "undervalued for both its reserves and earnings prospects."
- Pittston, "very depressed with little downside risk and a natural beneficiary of generally rising prices in the U.S."
- United Energy Resources, "a turnaround candidate that would gain from a pickup in natural gas prices."

Mr. Zissoon said Thomson McKinnon believes that the rally that began recently on Wall Street will push the Dow average up to the "low 1200s before mid profit taking and consolidation set in." Then the firm expects another upward move by the market.

Nicolas Krul, general director of Gulf & Occidental, an international investment firm in Geneva, has also long been forecasting a U.S. inflation rate this year about double the consensus figure. But he does not believe that investors should now be making new commitments to inflation-hedge stocks.

The reason is that he expects a "severe downturn" in the U.S. economy in 1985 that will again dampen inflationary pressures.

"We've taken a very defensive position toward Wall Street with minimum exposure," he said, adding that Gulf & Occidental in the next couple of months plans to sell off U.S. natural-resource stocks accumulated in its portfolio the last year and a half when they were "good relative values" in the market.

Mr. Krul pointed out that one positive effect that rising inflation would have on Wall Street would be to give a boost to corporate earnings because "pricing will become easier."

Prudential-Bache, which like many on Wall Street has been trumpeting the "disinflation" theme, sees a major test over the next month or two for this thesis. It urges investors to be cautious until the question is resolved.

"At the heart of any investment decision now is the economic issue of whether the economy is in a 'normal' cycle, and so is headed toward much higher inflation and interest rates as the economic expansion continues, or whether the credit markets will limit inflation by anticipation that a boom is getting under way," said Greg Smith, the firm's research director. "That is the classic test of disinflation."

Mr. Smith added that how this works out in the next 30 to 60 days will determine whether stocks are in a bear market or a major correction in a bull market.

Fred Frankel, Bache's investment strategist, thinks it is fanciful.

(Continued on Page 11, Col. 6)

U.S., China  
Agree on  
Tax Treaty

Beijing Seeking  
More Investment

By Michael Weisskopf  
Washington Post Service

BEIJING — The United States and China have agreed on a tax treaty aimed at improving the investment climate here for U.S. companies, Treasury Secretary Donald T. Regan said Wednesday.

The treaty, which President Ronald Reagan is expected to sign when he visits China next month, reduces Chinese withholding taxes on U.S. businesses operating here and allows them to use the payment as a credit against their U.S. tax bills, according to Western diplomats.

Mr. Regan said the accord, along with an investment treaty that he hopes to have completed by the time of the president's visit, represent the "two pillars" on which business rests its investment decisions.

"That's why it's very important these two things be in place before American firms make their ventures come true here," the Treasury secretary said at a news conference after two days of meetings with Chinese officials.

Although Mr. Regan termed the meetings "very successful," he said that China had failed to meet its contractual obligation to buy 6 million tons of U.S. grain last year.

"I stressed to the Chinese the importance of fully implementing old agreements before proceeding on to new areas," he said.

Mr. Regan predicted that the new tax agreement would encourage U.S. businesses to invest "a lot more" capital in China, which has been seeking partnerships with foreign companies as a way of acquiring modern technology and expertise.

Since the Communist regime began inviting foreign investment in 1979, U.S. companies have committed \$84 million to joint ventures with China. At the same time, U.S. oil companies plan to spend more than \$600 million to explore for oil off China's southern coast.

Many companies, however, have hesitated because of China's high withholding taxes and the fear of being taxed twice.

Mr. Regan said representatives of 25 to 30 U.S. companies that have been invited to China this fall to explore investment possibilities should find the business environment more conducive as a result of the new tax treaty.

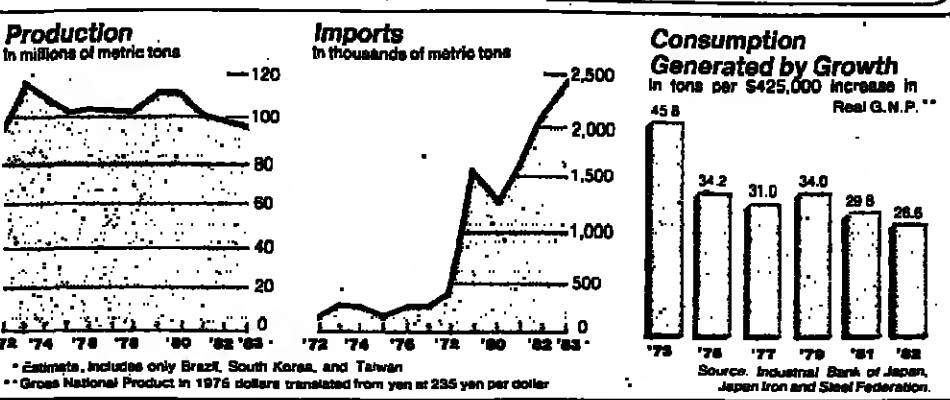
"At least when they come," he said, "they will know what the tax consequences of any of their actions will be. They'll be more assured that there is a set of rules that their own tax people can look at."

"From both sides, we have expectations of success," he said of the autumn visit. "It looks like it could really take off and do well."

He also predicted that U.S. investment would be encouraged by a

(Continued on Page 12, Col. 6)

Japan's Steel Production Declines as Imports Rise



Japan's Steel Industry Also Struggling

By Steve Lohr  
New York Times Service

KAMAISHI, Japan — From a distance, the steel mill here looks like a rusted reactor set rising from a thicket of Japanese tile roofs.

It was in Kamaishi, hard by the Pacific Ocean on the northeastern tip of the main island of Honshu, that the modern Japanese steel industry was born more than a century ago.

And so when Nippon Steel Corp., which owns the mill, said in January that the largest of its two blast furnaces would be closed, drastically reducing production, the shock was augmented by an uneasy sense of historical change.

The demand for steel is far less than was expected not long ago, the company explained, and aggressive foreign producers are taking orders away from the domestic industry. The city's mayor talks about diversifying the economy and attracting new industries, but so far his talk sounds mostly like wishful thinking. The townspeople, meanwhile, are distraught.

It is the familiar script of a declining steel town, one that has been played out repeatedly in recent years throughout the Industrial Middle West of the United States. Yet this is Japan, home of the largest, most modern steel industry in the non-Communist world. It is also where companies traditionally maintain a long-term social responsibility to the communities they occupy.

"If Kamaishi were in America, the steel works might have been closed many years ago," said Sajihiro Hamakawa, the mayor. "But our system in Japan is entirely different. The relationship between the company and the community is a two-way bond, in honor by both sides in good times and bad."

In some ways, the most striking feature of the Kamaishi mill is that it is running at all. By the standards of Japan's sprawling, modern steel works, the Kamaishi operation is a dwarf. Largely because of its size, analysts say, it has been losing as much as \$40 million a year.

The setback at Kamaishi is the largest step in a program that Nippon Steel, Japan's biggest steelmaker, introduced recently with the aim of improving production efficiency. That Nippon Steel took the step just as the global economic recovery was increasing the demand for steel merely underlines the industry's fundamental problems.

When the blast furnace at Kamaishi goes cold, only 12 of Nippon Steel's 25 blast furnaces will be operating. Just 39 of the Japanese steel industry's 65 blast furnaces were working, and the share of all facilities in operation was 63 percent. The five biggest

(Continued on Page 11, Col. 1)

FCC Delays Phone-Access Fees for Large Firms

The Associated Press

WASHINGTON — The Federal Communications Commission, which earlier this year postponed telephone-access charges for residential and small-business customers, announced Wednesday that it had ordered a delay for similar fees to large businesses and long-distance telephone companies.

The agency said it was postponing from April 3 until June 13 the effective date for thousands of access-charge rate schedules, or tariffs, that had been filed by local telephone companies throughout the United States.

"The delay is necessary, the FCC said, because its staff needs additional time to ensure that the new charges are 'generally reasonable and workable.'"

The agency also cited an emergency petition filed Feb. 27 by American Telephone & Telegraph Co. as raising issues to be resolved before any new charges take effect.

The new delay means that business customers with more than one telephone line have gained a reprieve from having to pay a monthly fee of up to \$6 a month per line. The estimated overall cost to such customers is \$1 billion a year.

In January, a similar \$2-a-month fee for residential customers had been postponed until mid-1985. The FCC wants to impose those

residential and business fees to help replace revenue that is now collected only from long-distance callers.

By delaying first the residential fee and now the business fee, the commission has virtually assured that AT&T will not be able to reduce its long-distance rates soon.

Besides the customer charges, however, the FCC is also trying to realign the fees paid by long-distance companies to local phone companies for switching connections. Eventually, the agency wants to balance those fees so that such AT&T competitors as MCI Com-

munications and GTE-Sprint pay the same as AT&T. They now pay less.

The 1,500 local phone companies in the United States initially filed proposed connection charges last fall. These were to have become effective Jan. 1 with the breakup of the Bell System.

The FCC subsequently extended the effective date until April 3, then decided last month to reject the proposals as unjustified and illegal.

The commission ordered the local phone companies to file new rate schedules last week — which they did — while promising to try to adhere to the April 3 schedule.

After conducting a preliminary review, however, the FCC said Wednesday:

"Initial analysis of these tariffs and the other materials submitted have shown that several of the major concerns identified... have not been satisfied."

The commission did not, however, further specify the concerns. Previously, the agency had said it was troubled by the extent to which the new telephone company fees would increase charges for such services as private business lines.

U.S. Approves  
Merger of LTV,  
Republic Steel

Compiled by Our Staff From Dispatches

DALLAS — LTV Corp. and Republic Steel Corp. said Wednesday that they have reached an agreement with the U.S. Justice Department to permit a scaled-down version of their merger agreement.

Under the agreement, the steel operations of LTV and Republic are to be combined into a newly created LTV Steel Co., LTV said.

Under terms of a consent decree signed Wednesday, two large plants — one in Alabama and the other in Ohio — are to be sold to offset government objections in the original merger plan, which would have made LTV Steel the second largest U.S. steel company behind U.S. Steel, officials said.

Dallas-based LTV is now No. 3 and Cleveland-based Republic is No. 4.

"We are pleased that we have been able to reach an accommodation with the Department of Justice," LTV's chairman, Raymond A. J. Paul McGrath, assistant attorney general in charge of the Justice Department's Antitrust Division, said in February that he objected to the merger on antitrust grounds. He said the merger of Republic and an LTV subsidiary, Jones & Laughlin Steel Corp., would give the proposed company too large a share of certain markets, including that for hot- and cold-rolled sheet steel.

Earlier, Steven Greenhouse of The New York Times reported from New York:

Steel analysts said that LTV and Republic might have problems finding buyers for the steel operations in question.

They are expected to have an easier time selling Republic's stainless-steel operations in Massillon than its flat-rolling operations in Gadsden.

"Gadsden might be very hard to sell — they may have to close it," said David H. Healy, an analyst at Drexel Burnham Lambert. "The stainless-steel business is something else again. I believe it is profitable. There might be some prospects to buy it."

■ U.S. Opposes Ban

The Justice Department said Wednesday that it strongly opposes legislation to restrict mergers among oil companies. Reuters reported from Washington.

The department's position was stated in a letter from Mr. Smith to the Senate, where a bill to restrict mergers is being considered.

European Banking Group

European Banking Company SA Brussels  
European Banking Company Limited

Combined Balance Sheet  
as at 31st December, 1983

ASSETS	\$000	LIABILITIES	\$000
Cash in hand, balances with bankers and money at call and short notice	305,483	Current and deposit accounts	3,485,105
Bank certificates of deposit and promissory notes	139,752	Other liabilities	206,063
Other deposits with banks	252,804	Dividends payable	1,858
Investments	98,191	Current taxation	257
Loans and advances maturing within one year	905,858	Acceptances for customers	24,911
Loans and advances maturing after one year	1,814,090	SUBORDINATED LOAN NOTES	58,041
Long term investments	241,504	SHAREHOLDERS' FUNDS	152,504
Other assets	123,046		3,928,739
Taxation recoverable	767	SUMMARY OF TOTAL RESOURCES	
Net investment in finance leases	18,931	Shareholders' funds	152,504
Fixed assets	3,402	Subordinated loan notes	58,041
Customers' liability under acceptances	24,911	Undrawn subordinated standby lines of credit from shareholders	75,680
			286,225
	3,928,739		

BOARDS OF DIRECTORS

P.E. Janssen Chairman Société Générale de Banque SA	O.K. Finsterwalder Creditalst-Bankverein	R. W. F. van Tets Amsterdam-Rotterdam Bank NV
M. Vénier Vice Chairman Société Générale de Banque SA	G. A. Freestone Midland Bank plc	C. Ugeux Société Générale de Banque SA
S.M. Yassukovich Deputy Chairman W.R. Sless Managing E. Barbier Banca Commerciale Italiana SpA	J. C. Harris Midland Bank plc	H. A. Allington Executive W. A. Blackwell Executive
G. Botti Banca Commerciale Italiana SpA	P. Jeanty Société Générale de Banque SA	P. J. M. Bulters Executive R. C. Kahmann Executive
M. von Brentano Deutsche Bank AG	Th. A. J. Meys Amsterdam-Rotterdam Bank NV	D. R. Mitchell Executive
	G. N. Schmidt-Chari Creditalst-Bankverein	

Copies of the Combined Report and Accounts, containing the combined accounts of the Banks and the consolidated accounts of each Bank, can be obtained from:

European Banking Company SA Brussels Boulevard du Souverain 100 B-1170 Brussels Telephone: 021 660 49 00 Telex: 23846	European Banking Company Limited 150 Leadenhall Street London EC3V 4PP Telephone: 01-638 3654 Telex: 8811001
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Member Banks:  
Amsterdam-Rotterdam Bank NV Banca Commerciale Italiana SpA Creditalst-Bankverein  
Deutsche Bank AG Midland Bank plc Société Générale de Banque SA Société Générale (France)

CURRENCY RATES

Rate interbank rates on March 21, excluding fees.  
Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates at 2:00 pm EST.

	U.S.	£	DM	FF	Y.	S.F.	Y.
Amsterdam	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Brussels	2.36	1.25	1.25	1.25	1.25	1.25	1.25
London	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Paris	2.36	1.25	1.25	1.25	1.25	1.25	1.25
New York	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Frankfurt	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Milan	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Stockholm	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Oslo	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Copenhagen	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Helsinki	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Tokyo	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Singapore	2.36	1.25	1.25	1.25	1.25	1.25	1.25
1 SDR	2.36	1.25	1.25	1.25	1.25	1.25	1.25

Market Values

	U.S.	£	DM	FF	Y.	S.F.	Y.
Amsterdam	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Brussels	2.36	1.25	1.25	1.25	1.25	1.25	1.25
London	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Paris	2.36	1.25	1.25	1.25	1.25	1.25	1.25
New York	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Frankfurt	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Milan	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Stockholm	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Oslo	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Copenhagen	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Helsinki	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Tokyo	2.36	1.25	1.25	1.25	1.25	1.25	1.25
Singapore	2.36	1.25	1.25	1.25	1.25	1.25	1.25
1 SDR	2.36	1.25	1.25	1.25	1.25	1.25	1.25

INTEREST RATES

March 21

	U.S.	£	DM	FF	Y.	S.F.	Y.
1M	10%	10%	10%	10%	10%	10%	10%
3M	10%	10%	10%	10%	10%	10%	10%
6M	10%	10%	10%	10%	10%	10%	10%
1Y	10%	10%	10%	10%	10%	10%	10%

Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

United States

	U.S.	£	DM	FF	Y.	S.F.	Y.
Discount Rate	10%	10%	10%	10%	10%	10%	10%
Federal Funds	10%	10%	10%	10%	10%	10%	10%
Prime Rate	10%	10%	10%	10%	10%	10%	10%
Broker Loan Rate	10%	10%	10%	10%	10%	10%	10%
Cash, 30-179 days	10%	10%	10%	10%	10%	10%	10%
3-month Treasury bills	10%	10%	10%	10%	10%	10%	10%
6-month Treasury bills	10%	10%	10%	10%	10%	10%	10%
CDs 30-99 days	10%	10%	10%	10%	10%	10%	10%
CDs 100-99 days	10%	10%	10%	10%	10%	10%	10%

West Germany

	U.S.	£	DM	FF	Y.	S.F.	Y.
Overnight Rate	10%	10%	10%	10%	10%	10%	10%
1-month interbank	10%	10%	10%	10%	10%	10%	10%
3-month interbank	10%	10%	10%	10%	10%	10%	10%
6-month interbank	10%	10%	10%	10%	10%	10%	10%

GOLD PRICES

	U.S.	£
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## BUSINESS ROUNDUP

## Chrysler Official Says Industry Too Optimistic

United Press International  
ANN ARBOR, Michigan — Record profits in 1983 are creating a "false sense of optimism" within the domestic auto industry, Gerald Greenwald, the vice chairman of Chrysler Corp., has warned.

Mr. Greenwald, speaking Tuesday at the fourth annual U.S.-Japan Auto Conference at the University of Michigan, said U.S. automakers will need to invest \$45 billion over the next three years to stay competitive with the Japanese and maintain current employment levels.

He said the \$6.1 billion in profits registered by U.S. automakers last year had drawn much attention, and "a false sense of optimism."

"We'd be making a tragic mistake if we started believing our own reviews," Mr. Greenwald said. "We may look good, but this show just opened. The question is, how long will it run?"

Shohei Kurihara, a top Japanese economist, voiced hope at the conference that the record profits would mean that a fifth year of U.S. import quotas on Japanese cars may not be needed.

He said he hoped that "the continuing business recovery in 1984 and the U.S. automobile industry's self-help efforts will create a situation in which the voluntary restraints will be unnecessary," the Japanese economist said.

He conceded, however, that the import restraints were needed in

the initial four-year period to help the U.S. auto industry recover.

Mr. Kurihara said Japan had agreed to restraints on shipments of its cars in order to improve U.S.-Japanese trade relations between the two countries.

For the first three years, beginning in 1981, Japanese companies were limited to shipments of 1.68 million cars a year to the United States. Under a one-year extension, the companies will be able to ship 1.85 million cars. There are no further provisions for voluntary restraints.

Paul W. McCracken, a University of Michigan economist who was chairman of the Council of Economic Advisors during part of the Nixon administration, warned U.S. automakers to prepare for the day when the restraints are lifted.

"The industry must have as its objective the ability to survive when they are exposed to international competition," Mr. McCracken said.

The UAW president, Owen F. Bieber, said this would be easier to do if Congress approved so-called content legislation, which requires cars sold in the United States to be built with U.S.-made parts.

But Michael A. Driggs, deputy assistant commerce secretary for automotive affairs, called instead for enforcement of existing trade laws and said U.S. officials should push for the rights they have under existing international trade agreements.

## GM Official Says Paper's Disclosure Won't Hurt Talks

The Associated Press  
ANN ARBOR, Michigan — General Motors Corp.'s top labor negotiator said Wednesday he does not expect the disclosure of a secret company bargaining document to jeopardize contract talks this summer.

The document was obtained by the United Auto Workers union, which distributed dozens of photocopies in February to union locals and the news media. The union claimed the document showed GM did not plan to bargain in good faith and would resist granting sizable wage increases and job security guarantees.

Alfred Warren, vice president for industrial relations, said the document shows GM is determined to work jointly with the UAW to reach a labor contract without a strike.

"This document drips of jointness," Mr. Warren said.

However, the UAW's president, Owen Bieber, has brought up its contents in several speeches, saying GM's strategy was short-sighted and "stupid."

Dutch/Shell Tankers

TOKYO — Royal Dutch/Shell Group is interested in chartering medium-size standardized tankers to be built by Japanese shipbuilders, industry sources said Wednesday.

## Klöckner's Loss Widened For Fiscal '83; Sales Eased

Reuters  
DUISBURG, West Germany — Klöckner-Werke AG Wednesday reported a group loss of 139.7 million Deutsche marks (\$52.9 million) for the year ended Sept. 30, far wider than the year-earlier loss of 48.2 million DM.

Revenue for the fiscal year fell 2.7 percent to 6.5 billion DM. The company said that operating losses on steel accounted for a loss of 244 million DM, 59 million DM wider than a year earlier.

The outlook has improved for 1983-84, but continued uncertainties make it impossible to forecast results, Herbert Gienow, the managing board chairman, said Wednesday.

Mr. Gienow said that he is not pessimistic about the outlook for the current year.

He also said that Klöckner would certainly show a profit in the year ending in 1985, along with other West German steel companies.

The company's steel operations continued to show a loss in the first four months of the current fiscal year, but operating results should not be in isolation, Mr. Gienow said.

Steel production is 10 percent higher than a year ago and he said he expected overall West German steel output to rise as much as 10 percent this year from the 35.7 million metric tons produced in 1983. Despite European Community

measures to increase steel prices, rolled steel prices in the fiscal first quarter were 10 DM a ton below those of a year earlier, Mr. Gienow said.

But earnings picked up in January and February and the EC has plans for further price increases later this year.

Mr. Gienow said special factors this year will include receipt of part of 500 million DM of restructuring aid due to Klöckner and the recent settlement of the concern's long-standing dispute with the EC over steel quotas.

Klöckner has already paid 5 million DM in fines to the EC and has made provision for more payments. But Mr. Gienow declined to say how much will eventually be paid.

Lukens Expects to Post Loss for First Quarter

The Associated Press  
NEW YORK — Lukens Inc. will post a first-quarter loss, but expects to record its first profit since the fall of 1982 in the second quarter because of reviving demand for steel and tighter cost controls, Lukens' president said Wednesday.

W.R. Wilson, who is also chief executive of the diversified Coatesville, Pennsylvania, steelmaker, told a group of securities analysts that he expects the company will be profitable for all 1984. It had a loss of \$14 million on sales of \$342.9 million in 1983.

## Analysts See Inflation Rise

(Continued from Page 9)

ful for investors to think the Federal Reserve will ease up soon on interest rates.

"We do believe this will disappoint investors," he said. "If we get a stock market rally based on hope, sell into it. If we don't get a rally, close the hatch on the bomb shelter and settle in. There's more destruction ahead."

Nevertheless, Bache mentions three stocks for purchase, rated at low-risk, moderate-risk and high-risk, respectively. They are Pacific Telesis, Jerico and Upjohn.

Alan Shaw, technical analyst at Smith Barney, believes that inflationary pressures are about to build up for both technical and fundamental reasons. For the former, his charts show "emerging strength" in stocks and commodities that are considered inflation beneficiaries. Fundamentally, he points to "upward inflation pressures due to the recent rate of economic growth."

Andre Sharon, specialist in international markets at Drexel Burnham, predicts that the pattern developing so far in 1984 of "equity markets in the U.S. underperforming those of every other country" will continue in the months ahead.

"Hence, our strong recommendation is that fully half of global portfolios be deployed in foreign securities and gold."

The Global Newspaper.



Gold Options (prices in \$/oz.)

Price	May	Aug	Nov
200	1400.1800	1400.1800	1400.1800
400	625.825	625.825	625.825
600	229.400	229.400	229.400
800	—	525.425	525.425
1000	—	275.250	275.250

Gold: 303.70/34.20  
Values White Weld S.A.  
1221 Geneva 1, Switzerland  
Tel. 011 251. Telex 28.305

We are pleased to announce that

**Michiya Matsukawa**

has been appointed

Chairman of the Board

of

**Nikko International Capital Management Co., Ltd.**

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Then ring Service 800... you get an instant demonstration of how this system works because your local call will be transferred toll-free to our Swiss headquarters.

AMSTERDAM	47 20 08	HAMBURG	44 25 16	MUNICH	19 42 16
BAHRAIN	23 42 41	HELSINKI	04 02 50	NEW YORK	286 09 44
BARCELONA	302 72 82	HONG KONG	28 38 16	OSLO	41 61 15
BERLIN (WEST)	261 80 13	LISSON	80 30 08	PARIS	160 79 0800
BRUSSELS	218 78 68	LONDON	628 37 51	SINGAPORE	338 0800
COPENHAGEN	0430 00 08	LUGANO	56 06 29	STOCKHOLM	21 77 77
DUBLIN	72 61 75	LUXEMBOURG	48 45 58	STUTTGART	32 03 13
FRANKFURT	29 28 00	MADRID	402 61 31	VIENNA	54 11 86
GENEVA	28 17 77	MILAN	345 23 69	ZURICH	302 08 12

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## Bank Merger Cleared in Japan

Reuters

TOKYO — The Finance Ministry has authorized a merger of two mutual savings banks, Nishi-Nippon Sogo Bank Ltd. and Takachiho Sogo Bank Ltd., an official said. The merger, which takes effect April 1, will create a commercial bank, Nishi-Nippon Bank Ltd.

Nishi-Nippon Sogo, based in Fukuoka on the island of Kyushu, is the largest of Japan's 71 mutual savings banks, with total assets at the end of 1983 of 1.783 trillion yen (\$78.6 billion).

Takachiho, in Miyazaki, also on Kyushu, is the smallest, with assets of 57.8 billion yen, a Nishi-Nippon spokesman said.

## COMPANY NOTES

American Telephone & Telegraph Co. declared a first-quarter dividend of 30 cents a share, although the company said it expected earnings for the quarter to be less than 30 cents a share. AT&T, which divested itself of its operating companies at the start of the year, said that the 30-cent payout does not constitute a declaration of future dividend policy. Last November, AT&T said it expected to pay a 30-cent quarterly dividend, and expected full-year earnings of \$2.02 a share. The company also declared a 934-cent dividend on its \$3.74 non-convertible preferred stock and a 91-cent dividend on its \$3.64 preferred.

Danaher Oil Corp. has extended its offer to April 13 from March 30 to buy shares of Danaher Gas Corp., the company said. Danaher said shares would be accepted starting at midnight April 6, subject to conditions including that at least 50.3 percent are tendered and not withdrawn. As of Tuesday, Danaher said, 96 percent of Danaher's shares outstanding had been tendered.

Isuzu Motors of Japan is planning to make its Elf light truck in a joint venture with China, Isuzu said.

E.F. Hutton Group Inc. told the U.S. Securities and Exchange Commission that it had increased its holdings in HS Group Inc. Hutton said it bought 44,125 shares Oct. 17, bringing its holding to 241,125 shares, or 61.3 percent of the common shares outstanding.

National Westminster Bank PLC said that it is cutting its basic home loan mortgage rate to 10 1/2 percent

starting at midnight April 6, subject to conditions including that at least 50.3 percent are tendered and not withdrawn. As of Tuesday, Danaher said, 96 percent of Danaher's shares outstanding had been tendered.

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National Westminster Bank PLC said that it is cutting its basic home loan mortgage rate to 10 1/2 percent

from 11 percent. The reduction is effective Thursday for new borrowers and from May 1 for existing borrowers. NatWest is the first of the four major clearing banks to cut its home-loan lending rate following the recent cuts in base lending rates and in the rates charged by building societies, which provide most home loans in Britain.

Patrick Petroleum Co. said that the debt owed its major bank creditors as of March 20 was \$170 million, and that a "significant reduction in this debt" is expected if its \$202-million agreement to sell assets to General Electric Co.'s Ladd Petroleum unit occurs. Patrick said it was issuing the statement to "correct numbers appearing in the press." Patrick defaulted on a debt repayment in January. Patrick's bank creditors include Continental Illinois National Bank, Marine

Midland Bank and Security Pacific National Bank.

Standard Oil Co. of California said it agreed with the Federal Trade Commission to extend the initial waiting period during which it cannot proceed with the proposed acquisition of Gulf Corp. SoCal said it was acting to provide the commission with more information regarding its offer of \$80 a share for all Gulf shares outstanding.

Thomson SA and its Thomson-CSF subsidiary said that they had decided in principle to issue bonds for 2.35 billion francs (\$289 million) and for 1 billion francs, respectively. The issues are to form part of the state-controlled group's overall financing, which includes 1 billion francs that the state has agreed to give the group this year.

## Japanese Steel Companies Are Also Struggling

(Continued from Page 9)

Japanese steelmakers — Nippon Steel, Nippon Kokan, Kawasaki Steel, Sumitomo Metal Industries and Kobe Steel — will have losses of more than \$400 million on their steel operations in the year ending this month, according to estimates by Nomura Securities Co.

Several forces have combined to produce the steel industry's troubles: slower economic growth, export restrictions, the restructuring of Japan's economy to make it less dependent on steel, and the rising strength of competitors from the so-called newly industrializing countries, including South Korea, Taiwan, Mexico and Brazil.

The adjustment in the Japanese steel industry has been under way for several years. More than a decade ago Japan, like other nations, badly misjudged the world's demand for steel. By the early 1970s, it was gearing up for production of about 150 million metric tons a year — far higher than the demand at any time during the 1970s or currently projected for the foreseeable future.

For 1983, Japanese crude steel production is estimated at 97 million metric tons, down more than 2 million tons from 1982 and well below the peak year of 1973, when production exceeded 119 million metric tons.

However, the steel companies moved quickly and invested heavily in the 1970s to modernize plants and adopt energy-saving processes.

The U.S. steel industry did not match the investment programs because the companies lacked funds, owing to earlier competition and

higher wages, and because what funds they had they chose to invest in other businesses, including oil and chemicals.

The current phase of adjustment in Japan, as in the past, will trim the industry's payroll. At the end of 1982, the steel industry's workforce was down to 289,600, almost a fourth below the peak of 378,500 in 1970.

Yet, as before, the slimming will occur without layoffs. For instance, Nippon Steel plans to reduce its work force at four mills by 2,400 employees over the next few years, but the reduction will be done by attrition. The company's subcontractors, whose employees typically account for more than half the workers in a mill, will handle the cutbacks the same way.

Sometimes, however, the gradual course of attrition is not enough. Thus, the major steel companies have taken such innovative steps as lending workers temporarily to other concerns, such as auto makers.

At Fukuyama in southern Japan, for example, Nippon Kokan, the No. 2 steel producer, operates the world's largest single integrated mill, with annual production capacity of 16 million metric tons. But last year, the production at Fukuyama was just 6.6 million tons, or 41 percent of capacity. Thus, the company sent more than 200 workers to Toyota Motor, Isuzu Motors and Fuji Heavy Industries, said Masaki Nagahiro, a Nippon Kokan official.

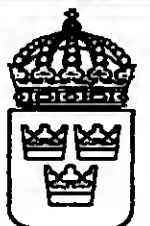
Government assistance plays a part, but a small one. In October 1982, the government ruled that the steel industry was eligible for em-

ployment adjustment assistance, helping the companies absorb the costs of such measures as worker retraining, relocation to other industries and temporary layoffs. Yet most of these costs are borne by the companies.

Also, the Japanese steel companies are willing to take losses at an operation longer than their U.S. counterparts. They can afford this civic-mindedness because, for one

thing, the companies' major shareholders are long-term investors, mainly banks and insurance companies. They are less interested in immediate earnings or high dividends than their counterparts on Wall Street.

They make their money on loan payments from the companies and hold the steelmakers' shares largely as a way of insuring that they have some control



**U.S. \$500,000,000**

**Kingdom of Sweden**

**Floating Rate Notes Due 2024**

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 22nd March, 1984 to 24th September, 1984 the Notes will carry an Interest Rate of 1 1/4% per annum and the Coupon Amount per U.S.\$10,000 will be U.S.\$574.79.

**Merrill Lynch International Bank Limited**  
Agent Bank

**NOTICE OF ANNUAL GENERAL MEETING**

**LUXLANE TRUST S.A.**

Notice is hereby given to the shareholders of Luxlane Trust S.A., that the annual general meeting will be held at the offices of Hoogwerf & Co S.A. ("Hoogwerf"), 43 Rue Goethe, Luxembourg, on Friday 13th April, 1984 at 2.30pm.

The official agenda of the meeting and copies of the latest annual report and audited accounts will be available as from the 30th March, 1984 for collection from the offices of Hoogwerf and the specified paying agents.

Shareholders may vote at the meeting either by attending in person with their share certificates or by depositing their certificates with a bank. In the latter case special bank depositary receipts to the order of a specified paying agent, voting certificates and certificates of block voting instructions must be filed with a specified paying agent at least 48 hours before the appointed time of the meeting. The certificate of block voting instructions, voting certificate and special bank depositary receipt may be obtained from a specified paying agent.

Rep. Office:  
Edificio Bank of America  
Calle 50, Apartado 6307  
PANAMA 5

By Order of the Board  
**P.N. HOOGWERF**  
Secretary

Paying agents: Banque Générale du Luxembourg S.A.  
27 Avenue Montebello, Luxembourg.

: Rea Brothers PLC.  
King's House, 36-37 King Street  
London EC2, England.

**SALOMON S.A.**

Salomon S.A., a major French manufacturer of downhill and cross-country ski boots and bindings, has announced a F.F.114 million rights issue (1 new share for 7 at F.F.475), aimed at raising its shareholders' equity to a level more consistent with the scope of its expanding world operations.

To broaden the base of Salomon's shareholders, Banque de l'Union Européenne, with Crédit Commercial de France as co-manager, managed a public offering—the first of its kind—under which 35% of the issue was made available to outside investors.

This operation proved highly successful; in fact, because of strong demand, original bids were honored in a proportion of only 14%.

Weekly net asset value

**Tokyo Pacific Holdings N.V.**  
on March 19, 1984: U.S. \$143.95.

Listed on the Amsterdam Stock Exchange

Information: Pierson, Helderling & Pierson N.V.,  
Herengracht 214, 1018 BS Amsterdam.

**المؤسسة العربية المصرفية**

**ARAB BANKING CORPORATION**

	1983 US\$ (000)	1982 US\$ (000)
<b>Consolidated Balance Sheet</b> 31 December 1983		
<b>Assets</b>		
Cash and bank balances	14,713	4,907
Marketable securities	420,447	355,840
Deposits with banks and financial institutions	4,741,715	4,747,027
Loans and advances	3,357,736	2,558,499
Interest receivable	162,982	170,573
Investments	23,755	18,767
Other assets	40,319	36,002
<b>Total assets</b>	<b>8,761,667</b>	<b>7,891,615</b>
<b>Liabilities</b>		
Deposits from customers	822,828	723,122
Deposits from banks and financial institutions	6,617,017	5,983,348
Bonds issued	36,292	—
Interest payable	128,880	112,489
Proposed dividend	45,000	37,500
Other liabilities	83,644	69,504
<b>Total liabilities</b>	<b>7,733,661</b>	<b>6,925,963</b>
<b>Shareholders Equity</b>		
Share capital	750,000	750,000
Reserves	266,077	200,341
Retained earnings	11,929	15,311
<b>Total shareholders equity</b>	<b>1,028,006</b>	<b>965,652</b>
<b>Total liabilities and shareholders equity</b>	<b>8,761,667</b>	<b>7,891,615</b>

At the Ordinary Shareholders General Meeting held on March 5, 1984, the Shareholders of Arab Banking Corporation (B.S.C.) ratified the audited Financial Statements of the Corporation ending December 31, 1983 and approved the appropriation of net profits as proposed by the Board of Directors as follows:

	1983 US\$ (000)	1982 US\$ (000)
<b>Profit for the year</b>	<b>107,354</b>	<b>114,617</b>
<b>Retained Earnings brought forward</b>	<b>15,311</b>	<b>24,682</b>
<b>Available for appropriation</b>	<b>122,665</b>	<b>139,299</b>
<b>Appropriations</b>		
Statutory reserve	10,736	11,488
General reserve	25,000	25,000
Extraordinary financial reserve	30,000	50,000
Proposed dividend	45,000	37,500
	<b>110,736</b>	<b>123,988</b>
<b>Retained Earnings carried forward</b>	<b>11,929</b>	<b>15,311</b>

**Arab Banking Corporation (ABC)**

Head Office: P.O. Box 5698, Alia Building, Diplomatic Area, Manama, Bahrain.  
Telephone: 232235. Telex: 9432 ABC BAH BN.  
Branches and subsidiaries in New York, London, Singapore, Milan, Grand Cayman, Frankfurt and Monte Carlo.



## Wednesday's AMEX Closing

Vol. of 4 p.m. 5,796,000  
Prev. 4 p.m. Vol. 5,796,000

Tables include the nationwide prices  
Up to the closing on Wall Street

12 Month High Low	Stock	Div. Yld. PE	52 Week High Low	Close	Chg.
12 1/2	ALLIANT	1.00 4.0 10	12 1/2 12 1/2	12 1/2	0
12 1/2	AMER. AIR	1.00 4.0 10	12 1/2 12 1/2	12 1/2	0
12 1/2	AMER. AIR	1.00 4.0 10	12 1/2 12 1/2	12 1/2	0
12 1/2	AMER. AIR	1.00 4.0 10	12 1/2 12 1/2	12 1/2	0
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12 Month High Low	Stock	Div. Yld. PE	52 Week High Low	Close	Chg.
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## U.S., China Agree On a Tax Treaty

(Continued from Page 9)

pending treaty that would protect companies from nationalization by the Chinese government and set up a mechanism for settling disputes.

Chinese officials, Mr. Regan said, expressed a desire to complete work on the latter accord rapidly. He said their willingness to sign both the investment accord and a tax agreement shows Beijing's commitment to foreign investment.

On the grain controversy, he said Chinese officials assured him that they would make up the 2.2-million-ton shortfall in last year's purchase of U.S. wheat and corn and that they would honor their commitment to buy at least 6 million tons each year of the four-year agreement.

China reduced its grain purchases from the United States last year in retaliation for the U.S. imposition of import quotas on Chinese textiles. The Reagan administration imposed the quotas after negotiations for a new textile agreement broke down in acrimony.

"Last year, there was a holdup of grain purchases due to some misunderstanding in textiles," Mr. Regan said. "What we tried to point out is that one does not relate to the other."

Meanwhile, Western diplomats said the U.S. Agriculture Department had decided to stop providing funds for new technical-assistance programs for China until the grain issue is resolved.

The department, however, is to continue its \$1.4-million program scheduled for this year, the diplomats said. The program has helped build model bakeries and noodle factories in China. It is considered one of the most successful U.S. programs here.

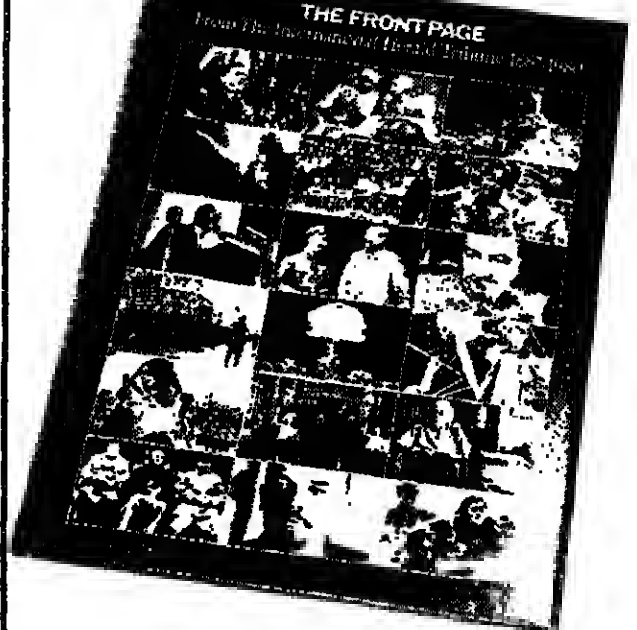
12 Month High Low	Stock	Div. Yld. PE	52 Week High Low	Close	Chg.
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Quotations Supplied by Funds Listed

21 March 1984

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(d) = daily; (w) = weekly; (b) = bi-monthly; (r) = quarterly; (i) = irregularly.

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U.S., China Agree On a Tax Treaty

U.S. and China have agreed on a tax treaty, a move that will help to ease the flow of trade between the two nations. The treaty, which was signed in Beijing last week, will be in effect from January 1, 1984.

The treaty covers a wide range of taxes, including income, estate, and gift taxes. It also provides for the exchange of information between the two countries' tax authorities.

The U.S. Treasury Department said the treaty is a significant step in the normalization of relations between the two nations. It also said the treaty will help to attract U.S. investment in China.

China's Foreign Ministry said the treaty is a landmark achievement in the development of Sino-American relations. It also said the treaty will help to promote economic cooperation between the two countries.

The treaty is the first of its kind between the U.S. and a communist country. It is also the first U.S. tax treaty with a country in the Pacific region.

The treaty will be ratified by the U.S. Congress. It is expected to be in effect by the end of 1984.

## Ernst & Whinney and Ota Merging Practices

NEW YORK — Ernst & Whinney International has announced plans to combine practices with Teisuzo Ota & Co., one of Japan's largest accounting companies. Analysts said the agreement emphasized the growing importance of the Japanese market to U.S. accounting firms.

Ernst & Whinney also has relationships with two other Japanese companies, Shinko Audit Corp. and Eikoh Audit Corp. But those ties have been less comprehensive than the one with Ota will be, and they will end when the agreement with Ota is formalized this summer, said Ray J. Groves, chairman of Ernst & Whinney International.

## Unit of EC Offers Bond For Tax-Shy

By Carl Gewirtz

International Herald Tribune

PARIS — The European Coal and Steel Community Wednesday offered a low-coupon bond denominated in European currency units aimed at investors who want to keep their tax bills low.

The 10-year bond carries a coupon of 6 percent — very low when compared with yields of over 11 percent available on the usual ECU issues. The appeal, however, lies with the fact that the bonds are to be redeemed at 175 percent of their face value.

This will raise the effective yield to investors buying the paper at par to 10.58 percent. For investors who can buy the paper at 98, the full 2-percent commission, the yield would rise to 10.85 percent.

To many countries, taxes on capital gains are much more favorable to investors than taxes imposed on interest income. As a result, the bulk of the 50-million-ecu (\$42.5 million) is expected to be placed with such investors — in Scandinavia, particularly Denmark, as well as in Japan, Belgium and France.

The transaction is being managed by Sparebanken Oslo Akerhus, Banque Indo-Suez of France and Sparekassen SDS of Denmark.

To the dollar market, the proposed \$100-million issue for Nordstet Savings has been withdrawn, the manager, Goldman Sachs, said, because of investor fears that U.S. tax authorities could in the future force the disclosure of the identity of holders of the debt.

Unlike most Eurobonds of U.S. issuers, which create financial subsidiaries in the Netherlands Antilles, Nordstet planned to issue its paper directly in its own name. To avoid the U.S. withholding tax on interest payments, the issue was constructed as a certificate of deposit collateralized by securities of U.S. federal agencies.

That structure obliged banks to get certificates from investors attesting to the fact that they are not U.S. residents and therefore entitled to receive tax-free interest payments. But the certification process raised fears that banks could at some point be forced to disclose the identities of individual investors.

## Future of Namibia Diamond Industry After Independence Appears Cloudy

By Alan Cowell

New York Times Service

ORANJEMUND, South-West Africa — If southern Africa's optimism of political independence for South-West Africa, or Namibia, are in the air, but if the testimony of the diamond mines that stretch through the desert northward from here are any indication, the economic counterpart of such freedom will prove even more elusive.

Oranjemund is a company town. The company is De Beers, the diamond-mining concern under Sir Harry Oppenheimer that controls not only the diamond production of southern Africa but also the marketing of the stones throughout the world, including the Soviet Union.

The school is a company school, the hospital a company hospital. Even the post office is a company institution. So are the people, except for a few outsiders from the local subsidiary of Barclays Bank. The town is expected to be placed with such investors — in Scandinavia, particularly Denmark, as well as in Japan, Belgium and France.

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When Germany lost the war, Sir Ernest Oppenheimer amalgamated the concessions to form the Consolidated Diamond Mines of South-West Africa.

The concession holds, and so, too, does the Forbidden Area. No one gets into this area — or out of it — without the company's approval. Fences, the desert and a security staff of 140 reinforce the writ.

Some 97 percent of the diamonds are of gem quality. They are excavated in large part from land reclaimed from the sea, so that miners sometimes work 50 feet (15 meters) below sea level, behind a sea wall made of sand.

Huge earthmovers gouge out

gravel encrusted with diamonds washed down from the Orange River and since covered by newer sand. When the machines reach bedrock, men come in to recover the heaviest, most durable diamonds.

De Beers provides work for 3,300 migratory laborers, who, the officials said, earn a minimum that is equivalent to \$400 a month during six- to eight-month contracts.

In these barren zones, there are no local people to work on the mines, so laborers are flown in from the northern and most populous part of South-West Africa, called Ovamboland. The waiting list there for jobs at the mine has 8,000 names, the company said.

At the company school, which caters to the children of those classified as "skilled workers," only 15 percent of the pupils are black. The highest-ranking black in the company is a section engineer. There is one black plant superintendent.

The message for the first majority-elected government, if indeed one comes, is that the mines — and the company — will have to be accommodated if revenue is to continue to flow. The message for the company is that if independence does finally come to this land it will need careful handling.

In the case of Namibia, the most talked-about candidate for dominance is the insurgent South-West Africa Peoples Organization. Its support lies in Ovamboland.

Labor unrest has been limited, suggesting that the insurgents either do not want to hamper De Beers, or that there is an agreement, or that the insurgents cannot counter the economic attraction of the mines.

Without South African assistance, an independent government would be dependent on foreign aid and revenue from the mines, possibly under a redrawn compact giving the territory's new rulers a greater share of mineral wealth.

Under present market conditions, that may not be so easy. A few years ago, the mine operations here produced two million carats a year. Current output is said by company officials to be half that. The mine, according to its general manager, Kobus van Jaarsveldt, is an old one, a "wasting asset."

One of the four processing plants is closed, and will be until the end

of 1985. When it reopens, another will close, to even out excavation. Unless the market for gems improves, he said, the mine will work at less than full capacity.

Some SWAPO supporters say that De Beers is working flat out to plunder the mine's resources while it still controls them. Equally, some company officials say that De Beers has made no approach to the insurgents to discuss the future.

When the market supported gem sales, the mine's output was double what it is today, at a time when the rumor of independence was as strong as it is today. In the past, Sir Harry Oppenheimer has reached agreements with post-independence governments, as in Zambia's copper mines, that fell far short of nationalization and that gave his company management control.

With Namibia's diamonds, his hand is much stronger. The Central Selling Organization, part of the mechanism through which De Beers controls the world's diamond supply, has maintained its cartel.

Angola, a Marxist state, sells through the organization. Zaïre pulled out of the organization a few years ago but has rejoined.

In any event, the pledges by insurgents armed in Moscow and allied to Cuba that private enterprise will be respected may reflect more pragmatism than ideology.

## U.S. Sales Figures Revised Upward

Reuters

WASHINGTON — U.S. retail sales declined \$155 million, or 0.1 percent, in February to a seasonally adjusted \$106.17 billion, the Commerce Department said Wednesday in reporting revised figures.

Previously, the department estimated that retail sales in February fell \$172 million, or 0.2 percent.

The report, which contained revisions dating back to 1978, also showed that retail sales went up more in January than estimated earlier. It said sales in January rose \$3.89 billion, or 3.8 percent, to an adjusted \$106.34 billion.

## Stock Exchange Merger Is Delayed in Australia

Reuters

SYDNEY — The Sydney and Melbourne stock exchanges have deferred for the foreseeable future a plan to merge, the two exchanges said Wednesday.

They said they would continue to work together in a number of areas such as possible electronic links between trading floors and technological improvements in floor procedures and order processing.

## DKB ECONOMIC REPORT

Japan's domestic demand picking up, with exception of consumer spending

The fiscal 1984 draft budget decided recently by the Government is an exceptionally austere one, showing little possibility of providing a boost to the economy from the fiscal side. One example of the austerity is a cutback of public works investment, a factor known to have highly stimulative effect on the economy. In the meantime, activities in the private sector economy in general are following a steady recovery path. Exports continue to be strong, imports are starting to move up. There are signs that capital investment and housing are also headed for recovery. A major exception to the trend is personal consumption, which remains sluggish because of slow growth of incomes.

### Expansion of the U.S. economy

The U.S. economy is expanding steadily, although the pace is easing somewhat. After-inflation growth reached an annual rate of 4.9 percent in the fourth quarter of last year. The slowdown from the 7.6 percent in the preceding three-month term led to the expectation that the economy might be headed for non-inflationary sustained growth. Against this background, the President's budget message sent to Congress on February 1 anticipates a 5.3 percent growth for 1984.

One major concern about the U.S. economy is the level of budget deficits which in fiscal 1983 reached \$154.4 billion, up 76.7 percent from the preceding year. The U.S. Government is predicting that they will remain at the high level of \$180.4 billion in fiscal 1985. With outstanding federal debts reaching \$1,400 billion and the fiscal 1985 budget, the prospects for reducing the budget deficit are by no means good.

As a result of the huge budget deficit, concern over a rebound of interest rates and resurgence of inflation persists, casting a shadow not only on the U.S., but also in the world economy, which finally is beginning to show some brightness.

### Fiscal 1984 budget

In Japan, the Government decided on its draft budget for fiscal 1984 starting April 1 on

January 25. The general account budget of ¥54,627.2 billion, representing a marginal 0.5 percent increase over the initial fiscal 1983 figure, is called "extra austere." When debt servicing costs and local allocation taxes (transfer of funds to prefectures and other local autonomous bodies) are excluded, the so-called "general expenditures" are 0.1 percent smaller than those in the preceding year's budget, the second consecutive year of decline.

As for taxes, the nation is going to have its first income tax reduction in years designed to redress the de facto increases that have taken place over the years because of the absence of a cut. On the other hand, however, tax increases are planned as well, centering on corporate tax and excises.

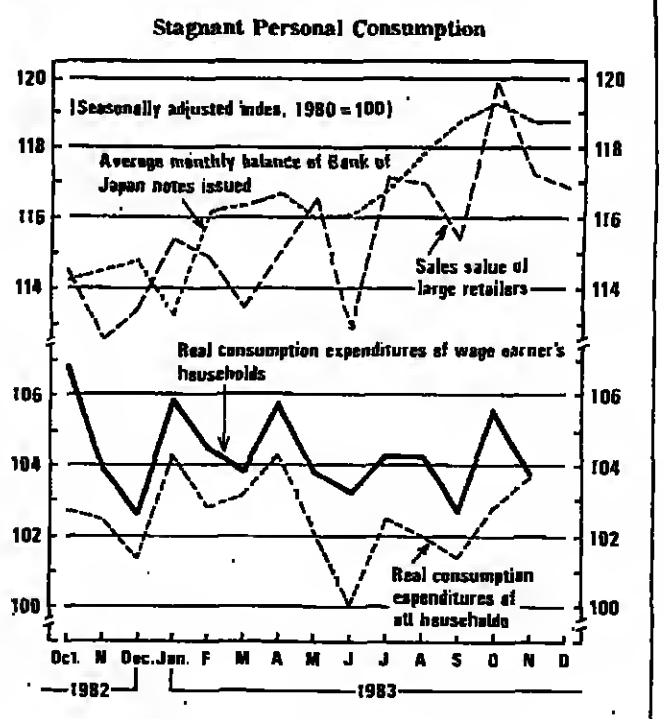
Bond issues are planned to amount to ¥12,680 billion, accounting for 23 percent of the expenditure budget. Despite efforts to restrain bond issues (which peaked in fiscal 1980), the outstanding balance keeps swelling and is expected to reach approximately ¥122 trillion at the end of March 1985. As a result, debt servicing expenses in the fiscal 1984 budget account for nearly 20 percent of the total expenditures — ¥9,155.1 billion, up 11.7 percent from the level in the initial fiscal 1983 budget.

Government expenditures, moreover, are expected to play a minimal role in economic growth in the next fiscal year, while they contributed an estimated 0.3 percentage point to the GNP growth in fiscal 1983.

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Source: Family Income and Expenditure Survey, Prime Minister's Office

in December and 15.1 percent in the final quarter of last year. Signs of recovery are also evident in housing. Housing starts in December increased 6.9 percent over the corresponding month of 1982, after staying below the year-earlier level for nine straight months since last March. The increase reflected strength of privately financed dwelling units for rental, which increased 50.7 percent. Such dwelling units accounted for nearly one third of all privately financed housing starts during December. Their ratio was 22 percent in December 1982. The increased percentage mirrored a strong demand for rental housing units chiefly from single urbanites.

### Personal consumption

While the economy as a whole is finally on a recovery path, personal consumption, which accounts for more than half of all demand, continues to be at a standstill. Among consumption-related indicators, growth of Bank of Japan note issues (the average outstanding amount, seasonally adjusted) leveled off, while the year-to-year gain remained at the 3 percent level. Sales at large retail outlets (such as supermarkets and department stores) gained only 3.1 percent over a year earlier in December, demonstrating

continuous weakness of personal consumption. Consumption appears sluggish despite the stability of consumer prices, of which the year-to-year increase is about 2 percent of late inflation-adjusted household consumption expenditures, seasonally adjusted. The increase for two consecutive months in October and November over the preceding month, but they are still at the level of the spring of last year.

Consumption by workers' households is particularly weak, presumably because of the slowdown in growth of disposable income. Despite a sharp increase in overtime 16.7 percent over a year earlier in November and 8.1 percent in December, while inflation-adjusted wages increased 0.7 percent and 1.2 percent, respectively. The low growth was ascribable to a small wage increase for fiscal 1983.

The future trend of personal income, especially that of disposable income, is a crucial factor not only for consumption but also for the current economic recovery as a whole.

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The next DKB monthly report will appear April 24.











## ART BUCHWALD

## Exit Polling in Russia

WASHINGTON — Have you ever wondered how the Soviet elections would go if American political methods were applied?

"This is Dan Raitch reporting to you from the Soviet Broadcasting System with a special edition on the elections. With only .01 precincts counted SBS has declared Konstantin Chernenko the winner in a surprising landslide election."

"With us in our studio now is Vladimir Galupsky, one of the Soviet Union's leading political pollsters. Vladimir, explain to us exactly what happened."



Buchwald

"For one thing it was a very large turnout, which is always a good sign for the Communist Party. Chernenko's popularity crossed all age groups, from the young hooligans to the old-time Stalinists. Labor strongly supported him and so did the army. But I believe the deciding factor was the unexpected big turnout of the KGB at the polls."

"No, they just turned up there. They stood near to the ballot boxes to watch the people vote. As soon as the undecideds saw them, they weren't undecided any more."

"So you believe that Chernenko owes his victory to the KGB?"

"Dan, no Soviet leader has ever been elected without the support of the KGB."

"Thank you, Vladimir. Now let's go to an exit polling station and talk to Alexander Novitsky who is standing by in Kiev with a voter who has just cast his ballot for Chernenko."

"Dan, I'm here with Comrade Mikhail Dobinsky, a steelworker from the Lenin Foundry. Comrade, what was it about Chernenko that made you decide to vote for him?"

"He's young, and he has new ideas. I was sick and tired of hearing the same promises from the same old Soviet politicians every election year. I decided to vote for someone who could get the country moving again."

"Thank you, Comrade Dan. I will now talk to someone who

didn't vote for Chernenko. He's in a police van over here and although our cameras can't see him, I'll put the microphone up to the grill. Comrade, can you tell us why you didn't vote for Chernenko?"

"How did I know they were going to do exit polling?"

"If you didn't vote for Chernenko, who did you vote for?"

"I left my ballot blank. I put it in the box, stepped outside to light a cigarette and the next thing I knew I was inside the police van."

"How many people are in the van with you?"

"Three dissidents, four enemies of the state and two counterrevolutionaries who keep yelling, 'What's the beef?'"

"Alexander, this is Dan. I have to interrupt. We're going to switch live to Chernenko's headquarters in the ballroom of Hotel Moskva where Roger Muddnikov is standing by. Roger, there seems to be a lot of celebrating going on."

"It's a madhouse, Dan. The Chernenko supporters have been screaming and shouting ever since we declared their candidate a winner. I hope to speak to the new secretary of the party when he comes down, which should be any minute. He must be arriving now because the orchestra is playing the theme song from 'Rocky'. Here he is, Comrade Chernenko, would you say this was the biggest night of your life?"

"It's been a long hard battle from the first primaries in the cold steppes of Siberia in February to our squall-through by the Caspian Sea in November. The turning point for me was the debates."

"We didn't see any debates."

"They all took place in the Kremlin, and you don't think we'll show them on television, do you?"

"Comrade Chernenko, forgive me for asking the tough questions, but that's the Soviet media's job. Why do the people believe so many Soviet politicians are phonies?"

"What is your name?"

"All right, if you won't answer that one, how about doing your imitation of Yur Andropov?"

"Comrades, this is Dan Raitch. Because of technical difficulties we seem to have lost Roger Muddnikov. We'll return to him as soon as possible — but then again, who knows?"

## Dom Helder Câmara

Brazil Archbishop May Be Retiring, But He Has No Intention of Stopping

By Marlies Simons

RECEIFE, Brazil — Leaning across the long, dark palace table, the archbishop discussed his announced retirement. "Of course I'm not going to bang my head," he said, lowering his voice as though passing sensitive information. "I've been thinking of starting a circus."

Helder Câmara, a small, frail-looking figure who was considered a formidable enemy by successive Brazilian governments, is stepping down as archbishop of Olinda and Recife after reaching the age of 75 in February. But he is clearly not giving up his lifelong campaign for social changes that shook up Latin America's Roman Catholic hierarchy, brought him admiration, scorn and threats and resulted in a word of him being banned from the Brazilian press, radio and television for more than a decade.

Age seems to have made him less surefooted but no less light of heart. He has taken to wearing a beige cassock, he said, because it "did not make sense to go out there in black, talking about hope." Seemingly never at a loss for new ways to convey his message, he continues to travel, preaching and prodding, broadcasting and writing. He has also completed the text for an oratorio and the story line for a ballet.

"Life has become so fast, so mechanical," the archbishop, who will stay in office until a successor is named by the Vatican, said in a recent interview. "But the circus is full of joy and brings out the child in all of us. Christ has told us to be as the children."

For many years, Dom Helder, as he is widely known, has seen it as his duty to tell Brazil's churchmen and military leaders what they did not want to hear. He raised against hunger, misery and the "privileges of the elite." He was the first Brazilian church leader to denounce the torture and killing of the country's political prisoners.

Outraged by the tiny priest with a booming voice and a vast following, Brazil's rightist military leaders called him a communist and a demagogue and told



Archbishop Câmara is "thinking of starting a circus."

new organizations not to mention him except in criticism. Abroad, the archbishop gained 16 honorary doctorates and 12 international peace prizes. Yet some of his leftist friends said that as a visionary he was quick to suggest new ideas but poor in turning them into viable projects.

Now, by coincidence, having begun his 30-year tenure in Recife just days after the army seized power in 1964, the archbishop is stepping down just as the armed forces prepare to hand over to a civilian president early in 1985.

Within Latin America's Roman Catholic Church, Câmara's retirement is no less the end of an era. In the early 1960s he was a forerunner of the movement to align the church more closely with the continent's poor majority, which eventually caused a rift among the clergy and transformed the church's political role in South and Central America.

But it was in Brazil, the world's largest Catholic country, that Câmara touched off the most controversy. In the 1930s, as a young

priest, he was active for three years in a Brazilian fascist movement, something he now calls "a sin of my youth."

The day he moved into the fading colonial palace in Recife, he had the glided throne stowed away, "so we can start talking," he ordered the gates opened. When an aide objected that everyone would come in, Câmara replied, "Misery keeps no fixed hours either." The military cracked down against his priests. His house was set afire several times and a number of aides were beaten, jailed and, in one case, killed.

The archbishop was also one of the catalysts of the breakdown of the age-old alliance between church and state in Brazil. By 1970, after a showdown between Câmara and the church over priests and layworkers, Brazil's 300 bishops moved closer to Dom Helder's position on human rights and the social duties of the church. Today the church retains influence among labor and peasant unions it helped to organize

and among 80,000 "base communities," the self-help congregations that have become a hallmark of the leftist wing of the Catholic church.

But Catholicism is losing influence as a more secular middle class emerges, and African-inspired cults and protest sects are growing fast. On a recent sweltering afternoon in Recife, Câmara said that during his tenure he had seen social conditions in his diocese become "immensely worse." The modest results of his social programs, the archbishop said, have been overtaken by population growth, drought and despair.

Unlike other clerics in Latin America who argued that guerrilla warfare was the only path left for social change, the archbishop continues to preach "passive resistance" in the vein of Martin Luther King and Mohandas K. Gandhi. Câmara held forth on Brazil's social ills, delivered a critique of capitalism and communism as failures for development and advocated a vaguely defined "Christian socialism."

After the Vatican names his successor, he will be absolved from Rome's request to limit his trips abroad to five a year. "I travel and use music to help raise consciousness in the rich countries because without them there can be no change in the Third World," the archbishop said.

His ballet, named "Mass for a Future Time" and his "Symphony of the Two Worlds" have been performed in 14 European cities. "I have realized that a piece of music is worth 40 conferences," he said.

But that has not meant the archbishop now shies away from journalists and television cameras, a fact he recognizes in repeating a joke told by critics of his taste for publicity.

"When Dom Helder died he went straight to heaven," the archbishop said, "and St. Peter was already waiting for him. When we were everything prepared, he said, 'But Dom Helder waited at the door. St. Peter came back twice and got impatient. 'What to heaven are you waiting for,' he said."

"And Dom Helder answered, 'Well, where is the press?'"

## PEOPLE

## Film Veto at Ayers Rock

A group of aborigines has barred a popular Irish singer from filming a segment of his television show on Ayers Rock — considered holy by Australia's native inhabitants. "It's a bit like him putting on a show at Westminster Abbey," said aborigine spokesman Richard Bradshaw of the plans for a BBC team to film Val Doonican singing atop Australia's best known landmark. The segment of "The Val Doonican Show," which has an audience of 12 million in Britain and is sold in other countries, was postponed after the aboriginal owners refused on "cultural grounds." Ownership of Ayers Rock, the world's largest monolith, which rears out of the arid landscape 250 miles southwest of Alice Springs, was returned to its aboriginal owners last November by the Australian government.

Queen Noor of Jordan put aside criticism of American Middle East policy to endorse better U.S.-Arab relations in a glittering fund-raising benefit in Washington. The 32-year-old, American-born wife of King Hussein was greeted with a standing ovation by several hundred Arab-Americans and diplomats who paid \$100 a plate to support the Arab Women's Council Research and Education Fund. The fund sponsors essay contests for schoolchildren on Middle East topics as well as publications and public relations initiatives in Washington. Absent from the queen's latest remarks were the blunt criticism Monday, when she said at a private reception, "It is time for the United States, in its role as peacemaker in the Middle East, to reverse the disastrous course Israel has been pursuing."

The Italian conductor Claudio Abbado has been asked to become music director of the Vienna State Opera in 1986, Abbado's lawyer, Mila Auletta, said in Milan Wednesday. The lawyer said that Abbado, currently music director of La Scala opera house of Milan, was pleased with the offer and that negotiations were under way. Abbado is in Vienna rehearsing Giuseppe Verdi's "Simon Boccanegra."

Lee Remick had mixed emotions while holding court in Emily Dickinson's bedroom to read the late

great's poems for a television series. "It was fascinating to be in her house, in her bedroom, and to sit in her very own chair," says the actress. "But all her poems had to do with death. She must have been a very peculiar lady." Remick was in Amherst and other west Massachusetts towns to film parts of a 16-segment series on English verse produced by Thames Television Ltd. She then left for Paris to work with Stacy Keach and Stephanie Powers in a television adaptation of "Mistral's Daughter." Judith Krantz's best-seller.

Dino De Laurentiis has announced he is building up his North Carolina studio to mammoth proportions, including up to 10 movie production stages for year-round use. His studio complex already houses two sound stages, 20 production offices and wardrobe and property facilities. But De Laurentiis, 61, says his company will spend \$25 million to \$50 million in the Wilmington area in the next year by producing a new film and through studio expansion. De Laurentiis, whose other pictures include "The Bible" and "Ragtime," was in the North Carolina city for the premiere of "The Bounty," his recently completed film starring Laurence Olivier, Anthony Hopkins and Mel Gibson.

The Police hit song "Every Breath You Take," composed by lead singer Sting, topped Jackson compositions to capture two awards from the National Music Publishers' Association. In a repeat of its Grammy upset, "Every Breath You Take" was picked as oscar song of the year by the New York-based trade group. Last month it won over Jackson's "Billie Jean" and "Beat It" in the new song category. The publishers also chose "Every Breath You Take" as their easy listening song of the year. Jackson compositions took two of the awards Monday night, however. "Billie Jean" won the pop category and "Beat It" tied with Lionel Richie's "All Night Long" for the rhythm and blues prize. The country award went to Barry, Robin and Maurice Gibb — the Bee Gees — as composers of the Kenny Rogers-Dolly Parton hit "Islands in the Stream."

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